

1 HEARING BEFORE THE ATTORNEY GENERAL

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7 PROPOSED SALE OF THE ASSETS OF
8 HEALTH MIDWEST, a Missouri Public
9 Benefit Non-Profit Corporation.

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15 Held on Saturday, December 28, 2002
16 At Southwest High School Auditorium
17 6512 Wornall Road
18 Kansas City, Missouri

19

20

21 Chair Members,

22 Mr. Paul Wilson, Deputy Chief of Staff

23 Mr. Chuck Hatfield, Counsel to the Attorney General

24

25

1 MR. HATFIELD: Welcome to the Missouri
2 Attorney General's third public hearing on the
Health
3 Midwest merger. My name is Chuck Hatfield. I am
4 counsel to the Attorney General. Next to me is a
5 face familiar to most of you, I am sure, Paul
Wilson,
6 who is the Deputy Chief of Staff Litigation.
7 Attorney General Nixon could not be with
us
8 today, due to a previously scheduled commitment.
But
9 he wanted us to go ahead with the hearing as soon
as
10 possible, because of the new developments
concerning
11 this matter.
12 As you know, since the first hearing,
13 Attorney General Nixon has asked Health Midwest to
14 explain what they intend to do with the assets that
15 will be generated from this sale. Last week Health
16 Midwest provided a plan to put the assets under the
17 control of two separate foundations; and to change,
18 over a period of time, the makeup of its board.
19 The purpose of today's hearing is to
learn
20 more about the plan and your reaction to it.
Health
21 Midwest has asked for 15 minutes to explain the
plan,
22 so we will begin with their representative. We

also

23 have copies of the plan in the back of the room for
24 anyone who would like to review it or refer to it
25 during this hearing.

1 Before we start with testimony we thought
2 it might be helpful to give an overview of this
3 matter and what has happened to date. Most of you
4 have followed this sale from the beginning, so you
5 know that in mid October Health Midwest announced
it
6 planned to sell its hospitals to HCA.

7 The Attorney General held a public
hearing
8 shortly thereafter, but the sales agreement was not
9 available. So the Attorney General scheduled a
10 second hearing in Independence.

11 Before the second hearing, Health Midwest
12 filed a lawsuit against Attorney General Nixon and
13 a separate suit against Kansas Attorney General
Carla
14 Stovall. The Missouri lawsuit asked the Court to
15 approve the sale; declare that the Attorney General
16 has no right to stop the sale; and to declare that
17 Health Midwest may hold and use the proceeds of the
18 sale without changes to its structure.

19 The Attorney General has filed a
20 counterclaim. In that claim we point out that
Health
21 Midwest has existed in this community for the
22 dominant purpose of operating hospitals. We asked
23 the Court to dissolve Health Midwest and remove the
24 board of directors, because they have abandoned
that

1 Indeed, the asset purchase agreement with
2 HCA specifically prohibits Health Midwest from
3 operating hospitals in the Kansas City area.

4 The Attorney General asked Health
5 Midwest to move the lawsuit to Kansas City, but
they
6 have not agreed to this request. Instead, they
7 asked the Court to accelerate the case, and have
8 obtained a trial setting for February 3rd. The
9 litigation continues and documents concerning that
10 litigation are posted on our website at
11 www.moago.org.

12 Even though Health Midwest has asked the
13 Court to resolve this dispute and move this
14 discussion into the courtroom, the Attorney General
15 values community input and that's why we're here
16 today.

17 If you've not already signed up to
testify,
18 you may do so at the back of the room with
Assistant

19 Attorney General Linda Manlove, who is in the
20 white blouse, raising her hand.

21 As is our custom, we'll call out three
22 people in a row, to let you know who's going to
23 testify. And ask that you come to the microphone
24 down here in that order.

1 we'll ask Health Midwest to come and present their
2 plan for structuring governance of the foundations.

3 Mr. Dick Brown.

4 MR. BROWN: Thank you, Mr. Hatfield, Mr.
5 Wilson.

6 My name is Richard W. Brown. I'm the
7 president and chief executive officer of Health
8 Midwest. I would like to reiterate, the copies of
9 the plan that I'll be discussing during these brief
10 remarks are available at the entry to the
auditorium.

11 The transaction that will result in
Health
12 Midwest being sold to HCA will produce an estimated
13 700 to 800 million dollars to fund two foundations
to
14 benefit the communities that are currently served
by
15 Health Midwest.

16 On December 19, 2002, Health Midwest
17 announced publicly and provided to the attorney
18 general of both Missouri and Kansas the details of
19 the structure and governance of these two new
20 foundations.

21 We have had dozens of municipalities,
22 interest groups, civic and community groups, as
well
23 as elected officials and other individuals contact
us

24
suggestions,

with their recommendations, resolutions,

25

alternate plans and demands for the Foundations'

1 structure.

community 2 Using what we have heard from the

3 over nearly five months of input and fourteen

4 collective hours of public hearings -- held by the

been 5 attorney General -- the Health Midwest Board has

6 guided by the following principles in developing

the 7 plan that we have to present today.

8 First principle is that of preserving the

9 historic purposes of Health Midwest. In summary,

10 fostering the good health of this community.

11 Second principle is creating two

12 foundations with a maximum of opportunity for

13 cooperation and administrative efficiency between

14 them. A separate foundation for each state and

15 assurance of investments in both states of Missouri

16 and Kansas. The plan will also require specific

17 allocation of proceeds and annual grants to

18 organizations residing in each state.

importance 19 A third principle deals with the

20 of achieving and maintaining diversity. The first

21 step toward that objective will be to expand the

22 total size of the board. And to put a structure in

23 place that requires both a diverse board and staff.

24 Importantly, now all current members of the Health

1 least three and perhaps more vacancies to be filled
2 at the closing of the HCA transaction. The Health
3 Midwest Board is committed to increasing it's own
4 diversity when filling these anticipated vacancies.

5 A Community Advisory Council will be
6 created, that is the entity that nominates the
7 candidates for the other vacancies. This group

will

8 be chosen by local mayors who you are required to
9 consider diversity in their selection process.

structure

10 A fourth principal is creating a
11 that encourages the making of both state-specific
12 area-wide grants throughout our service area. A
13 structure that ensures the two foundations will
14 coordinate on grant-making and on operations.

and

15 A fifth principle is maintaining local
16 stewardship of these assets to ensure maximum
17 responsiveness to the local community needs. Our
18 plan provides that elected officials closest to the
19 needs will determine who serves on the Community
20 Advisory Council.

ensure

21 The sixth principle is achieving
22 appropriate continuity of board membership to

obligations

23 compliance with continuing transactional
24 and ongoing knowledge of the operations of health

care needs of the region. It is important to note

Midwest 1 that several significant operations of Health
2 will continue under the umbrella of the new
3 foundations.
4 The first of these include Research
5 Mental Health Services. This is an organization
that 6 is a community mental health center serving 600
7 clients per day, 85 percent of whom operate below
the 8 federal poverty level.
9 In addition, the Kansas City Hospice will
10 be retained. This organization was founded in
1980. 11 Kansas City Hospice serves more than 2,000 families
12 each year by providing specialized care for loved
13 ones facing life-limiting illnesses.
14 The Visiting Nurse Services,
15 established in 1891, this home health agency is the
16 area's largest full-service provider of
comprehensive 17 in-home services, caring for more than 8500
patients 18 each year.
19 And finally, VNA Plus, through a staff of
20 qualified pharmacists and technicians, provide
21 intravenous and self-injectable medications to the
22 home care patients cared for by Visiting Nurse
23 Services.

24 In total, these organizations represent
25 over 41 million dollars of annual revenue and 600

1 individual employees, in addition to thousands of
2 patients that they care for.

3 After a brief transition, however,
4 newly-elected community leaders will control the

5 new foundations. Numerous post closing matters

6 require diligent attention and oversight by
7 knowledgeable directors. Those who have governed
8 Health Midwest have important knowledge that will

9 crucial in dealing with the ongoing health care

10 of this community. In second and in all subsequent
11 years, however, newly elected members are in a
12 majority position on the two boards. After five
13 years, the terms of all Health Midwest board

14 will be expired.

15 As I have said, we propose a creation of
16 two separate foundations. The first, the existing
17 not-for-profit Missouri corporation will receive 80
18 percent of the proceeds, net proceeds, of the sale.

19 And it is anticipated that they will allocate

20 75 percent and 85 percent of the annual

21 to organizations residing in the State of Missouri.

22 A new Kansas not-for-profit corporation
23 will be established to receive 20 percent of the

two

will

be

needs

members

between

expenditures

24 proceeds. And it is anticipated that the
25 Kansas-resided organization will receive between 15

1 and 25 percent of the annual expenditures on a
2 three-year rotating basis.

3 This allocation of proceeds reflects the
4 current Health Midwest operations on both sides of
5 the state line.

6 As to the diversity principle, the
7 Foundations' boards and staffs will reflect the
8 diversity of the communities Health Midwest serves.
9 This diversity will include racial and ethnic,
10 geographic, gender, and socio-economic.

11 The Community Advisory Committee will be
12 appointed by mayors in areas where Health Midwest
13 currently operates its hospitals. They will serve
as
14 the nominating committee for the Foundations'
boards
15 and will be appointed as follows: The mayors of
16 Belton, Harrisonville, Iola, and Lexington, and the
17 mayor and CEO of the Unified Government of Kansas
18 City, Kansas, and Wyandotte County, will each
appoint
19 one person. The mayor of Lee's Summit will appoint
20 two individuals. The mayors of Independence and
21 Overland Park will each appoint three. And the
mayor
22 of Kansas City, Missouri, will appoint ten people
to
23 the Community Advisory Committee. The number of
24 appointments for each of these municipalities

with

Midwest

and

1 production of Health Midwest operations in those
2 cities.

3 The new boards composition will start

4 30 members; 15 people selected by the Health

5 Board from nominations by the Community Advisory

6 Committee, and an additional 15 people nominated

7 selected by the current Health Midwest Board.

8 The terms of the 15 members nominated and

9 selected by the current Health Midwest Board will

10 phase out over the initial five-year period. The

11 eventual boards will consist of 15 members selected

12 entirely from nominations made by the Community

13 Advisory Committee.

14 This chart is perhaps the best way to

15 graphically illustrate the transition plan that is

16 presented. On the left side of the chart you will

17 see the 15 members that reached their assignment by

18 virtue of being nominated by the Community Advisory

19 Committee. On the right side of the chart you will

20 see the Health Midwest Board members and the

21 transition that takes place over the five years.

22 Resulting at the end of the five years none of the

23 current Health Midwest Board members continuing to

24 serve. You will see on the far right-hand side of

25 the slide, the size of the board shrinking down to

1 ultimate composition of 15 directors at the end of
2 the five-year time period proposed.

3 The matter of existing hospital
foundations
4 have been a topic of discussion at these open
public
5 hearings. It is proposed that current hospital
6 foundations will be allowed to separate and operate
7 independently at their course, subject to
conditions
8 related to the sale documents. Those would include
9 review of the Attorney General with jurisdiction
over
10 the respective hospital foundation; the assumption
by
11 the hospital foundation of its pro rata share of
12 certain liabilities related to the sale; and
13 compliance with non-competition covenants in the
14 Asset Purchase Agreement itself.

15 Once established the two new foundations
16 will conduct a community needs assessment as soon
as
17 possible following the closing and welcome input
from
18 community groups, local health officials, health
care
19 providers, medical professionals, academics, and
20 community and business leaders.

21 The Foundations will report annually
22 regarding its operations and expenditures to the

23 respective attorney general, the Community Advisory
24 Committee, and to the general public.
Commission 25 As many know, the Federal Trade

1 has completed its review of the transaction and has
2 acknowledged that from this standpoint the parties
3 are now free to enter closing of the transaction.
4 The transaction must be completed as soon as
possible
5 for the immediate benefit of patients and our
6 community.
7 In all events, there is an urgency to
8 complete the transaction by March 31st of 2003, to
9 ensure that the community realizes the full
benefits
10 available to meet the health care needs of the
11 Greater Kansas City into the future. Be it Health
12 Midwest is committed to continuing to work with
both
13 Attorneys General offices to settle existing
disputes
14 so that the transaction can close on or before
March
15 31 of 2003, at the latest.
16 Health Midwest has appreciated the
comments
17 that it has received from the community. And
18 continues to be available for further input. We
can
19 obtain that input through the Health Midwest
20 listening line at (816) 276-9767, or the "contact
us"
21 option at the Health Midwest website at
22 www.healthmidwest.org.

23 A copy of our plan, as I said, is
available
24 on the website and it is here today in hard copy.
25 That concludes the presentation,
gentlemen.

and 1 If there are questions I'll try to respond or sit
2 listen.
couple 3 MR. HATFIELD: Thank you. We have a
4 of questions.
5 Paul?
6 MR. WILSON: There are, as I understand
7 your presentation, 12 members of the current board,
8 at most, who have expressed an interest in serving
on 9 the board of the foundation that you're talking
about 10 creating; is that correct?
yes. 11 MR. BROWN: That's the outside number,
12 MR. WILSON: Are you prepared to tell us
13 who those are or is that a work in progress?
14 MR. BROWN: That is a work in progress.
15 There's actually a survey initiated. The feedback
16 from the survey has not been completed. But it is
in 17 development stage.
18 MR. WILSON: Are there members on the
19 current board that anticipate serving on the boards
20 of the hospitals as they'll be comprised by HCA?
21 MR. BROWN: Those will be choices made by
22 HCA. But it would be my belief that none of the
23 existing Health Midwest board members will be
invited

24 to serve in any board fashion on a subsequent
25 hospital board following the transaction.

1 MR. WILSON: Does your proposal restrict
2 from serving on the foundations that you anticipate
3 setting up individuals who are then in the employ
of
4 HCA or serving on any of their boards?

5 MR. WILSON: That matter has not been
6 addressed. But I believe that the expressed
7 expectation is that these individuals would all be
8 local individuals.

9 I guess, your question would include the
10 possibility of employees of each state that might
be
11 employed in the area or are you talking about board
12 members that they would appoint to a hospital board
13 and might then also be considered as a board
member?

14 MR. WILSON: The board members of HCA's
15 hospital boards?

16 MR. BROWN: In Health Midwest --

17 MR. WILSON: Or its employees to be
18 eligible to serve as directors in the foundations
you
19 are proposing?

20 MR. BROWN: To my knowledge, that
specific
21 question has not been specifically addressed. But
I
22 would believe that our answer would be no. It
would
23 intend a separation between those two

organizations.

24
described

MR. WILSON: You have in Slide 9

25 the businesses that are not being sold to HCA --

1 MR. BROWN: Yes, sir.

2 MR. WILSON: -- which would continue to
be operated directly or indirectly by Health Midwest?

3 MR. BROWN: Yes, sir.

4 MR. WILSON: Does Health Midwest have any
5 current plans to dispose of those businesses or
6 otherwise provide for them to be operated
7 independently?
8

9 MR. BROWN: At the present time I might,
10 just in response to your question, give a bit of
11 background. It's the view that each of these
12 organizations are apparently, by the nature of the
13 business, are independently operated in a
14 not-for-profit statute.

15 The immediate plan would be to house them
16 inside the structure -- at least the not-for-profit
17 organizations, let them observe the not-for-profit
18 standing.

19 I think it really is a matter for the new
20 board of the proposed foundations and the boards of
21 those organizations to resolve the long-term future
22 of how they might be dealt with. Either remaining
in that position; allow that they independently go
their separate ways; or third option that they go as a
24 group and form a corporate structure.
25

1 All of that is speculative at this point
2 and I think subject to relevant -- what would
appear 3 to be the best plans for the welfare of those
4 particular organizations post-transaction proposal.

5 MR. WILSON: Some of those businesses are
6 currently independent -- I shouldn't say
independent 7 -- are separate legal entities?

8 MR. BROWN: All of them are, all four of
9 them are.

10 MR. WILSON: When you say they continue
to 11 be operated by Health Midwest, I assume that means
12 that Health Midwest would continue to be the sole
13 member of those corporations?

14 MR. BROWN: Yes.

15 MR. WILSON: And there by control them?

16 MR. BROWN: Yes, sir.

17 MR. WILSON: Do you know whether any or
all 18 of them collectively are financially viable or
would 19 they represent a drain or potential drain on the
20 resources of the foundation?

21 MR. BROWN: They would probably be
22 to operate at a grade leveling on a routine basis.
23 They do tend to provide services to a large number
of

24 safety-net type patients. They are not immensely,
25 financially stable. The Mental Health Center, for

the

them

cash,

cash

to

1 example, by virtue of it's heavy dependence on the
2 State of Missouri, with mental health funding and
3 challenges that we're all facing with the state
4 budget is a fragile organization that needs to be
5 surface located structurally as a long-term
6 stability.

7 MR. WILSON: Are they operating to break
8 even now, collectively?

9 MR. BROWN: Yes, sir. I would assess
10 to be about a break-even operation.

11 MR. WILSON: If they were in need of
12 I assume that part of your proposal is that that
13 would be available to them from Health Midwest and
14 its pool of assets?

15 MR. BROWN: It would either be that an
16 appropriate use of the resources from organizations
17 providing services to the clients through the user
18 serving. Say the exact relationship between the
19 foundation and these four organizations should be
20 assessed over time as the governance has changed.

21 My personal view is that it would be very
22 appropriate way for funds of this sort to be used,
23 provide the necessary services that these
24 organizations render to be able to care for

equal 1 MR. WILSON: Would they compete on an
for 2 footing with anybody else in the Kansas City area
greater 3 grants from the foundation or would they have
4 assets to them or do you know?

5 MR. BROWN: I would think they would
those 6 compete on an equal footing basis. But again,
thoughts 7 are issues that are beyond the scope of the
8 that have been developed today.

9 I guess, I would reemphasize that I think
10 the view that they ultimately have will in large
11 number depend upon the view the foundation board
12 ultimately has of them. It's very difficult -- the
13 organization that I represent is sort of not going
to 14 be a part of that relationship, and I certainly
15 wouldn't be, for me to speculate on exactly how
that 16 would evolve.

17 Their boards and their management staffs
18 and the constituency that they serve would look for
19 the most favorable environment in which to continue
20 to expand that service at the possible time.

21 MR. WILSON: One of the reasons that you
22 articulated for why current members of the Health
23 Midwest Board would continue to play a role in the

24 foundation's activities after the sale, is the
25 "numerous post closing matters that will require

1 diligent attention and oversight by knowledgeable
2 directors."

3 Can you explain in greater detail what
4 those matters are? What the expertise and
knowledge
5 the directors have that would be relevant to?

6 MR. BROWN: Yes, sir. There are a number
7 -- in previous presentations we reviewed, the post
8 closing obligations that HCA has committed to
saving
9 this organization. Substantial among them, for
450 example, would include the obligation to address
10 million dollars in capital that they have committed
11 to (inaudible) in the hospitals. Because actually,
12 the Asset Purchase Agreement has suggested that if
13 they fall short of the objective, the Foundation is
14 to receive the shortfall of any expenditure they
15 should have made.
16

17 The Foundation has an obligation to
oversee
18 and monitor the investments that have been made by
19 HCA sole. And it might be a strong condition in
20 facilities to recover a shortfall should one occur.

21 There are --

22 MR. WILSON: I'd like you to let me ask a
23 question about the one you just mentioned --

24 MR. BROWN: Yes, sir.

MR. WILSON: -- before you go on to the

1 others.

says

2 As I understand that provision, and it
3 what it says. The obligation to spend the 450
4 million dollars does not come with it an obligation
5 to spend it in any particular manner or any
6 particular place?

7 MR. BROWN: That is correct.

8 MR. WILSON: What is it about --

9 MR. BROWN: It was aggregate HCA's
10 obligation.

11 MR. WILSON: What is it about that
12 obligation that would require specific expertise or
13 knowledge on the part of the board members of the
14 Foundation to enforce it, other than to monitor
15 reports of the total expenditures made?

16 MR. BROWN: I think that's an accurate
17 summary of the presentations of that group of works
18 to oversee that relationship.

out:

19 MR. WILSON: What I'm trying to figure
20 Is there anything particular about having served on
21 the Board of Health Midwest in the past that would
22 enable an individual to better monitor compliance
23 with that obligation, as opposed to any other board
24 member that --

25 MR. BROWN: I think just of the fact that

1 they were aware of the obligations, understanding
2 what the schedule of the spending was excepted to
be.
3 Three-hundred million the first two years, the
4 balance of it within five years. Should there be
any
5 discussion about they couldn't get 300 million
spent
6 the first two years, there needs to be some
7 discussion about changing that. In principle, with
8 whom that obligation occurred, that has some memory
9 of how the initial transaction was instructed. And
10 the knowledge of the individual.

were 11 MR. WILSON: Before I interrupted you

require 12 about to talk about other matters that might

13 knowledge or experience on the part of the board

14 members?

15 MR. BROWN: Just offhand, there are
16 numerous obligations and commitments to the
indigent
17 care, other kinds of measures that the HCA
18 organization is committed to. I think it is our
view
19 that the parties responsible for establishing those
20 agreements will have a store of perspective to
bring
21 to the conversations and be able to reflect.

22 We can get the post closing comments and

23 work my way down through those to describe the
24 specifics. I'm sorry I don't have those in my
25 memory.

having 1 MR. WILSON: What I'm interested in
2 you discuss is: Which of those are, if you could
3 say, objective in the sense of the capital
commitment 4 of the indigent care --
5 MR. BROWN: Do we have someone here from
6 the board that would have been in our last
7 presentation?
8 They would have been in our last
9 presentation. Sorry. We don't seem to have those.
10 MR. WILSON: Okay.
11 In your proposal for two foundations,
which 12 I think can also be characterized as perpetuating
the 13 existence of Health Midwest in spinning off a new
14 legal entity in the State of Kansas to hold 20
15 percent of those, is that a fair characterization?
16 MR. BROWN: Yes. I think the expectation
17 is that the existing corporation would receive 80
18 percent of the proceeds and a new corporation being
19 established to receive the other 20 percent.
20 MR. WILSON: Could you talk about how
that 21 allocation was reached and what factors you
22 considered?
23 MR. BROWN: There are a variety of
methods

either 24 of measuring the impact of our organization on
25 side of the state line. Apparently, these are

ourselves 1 exercises we just recently needed to commit
2 to and we haven't thought about ourselves that way.
3 It's clear that individuals, such as yourself, need
4 to do that.

measures, 5 But using a variety of different
6 there is a general sort of concurrence that about
20 7 percent will be using revenues, net revenues, and a
8 series of measures like that. We could use any one
9 of a variety of different measures trying to get
10 different numbers.

11 About three of those indicators, however,
12 consolidated around the 18 to 21 percent range.

Thus 13 we selected the 20 percent number.

14 MR. WILSON: The indicators that you
15 mentioned, revenues and net revenues?

16 MR. BROWN: Right.

17 MR. WILSON: Were you viewing that
18 allocation based on current revenues and net
19 revenues?

20 MR. BROWN: Yes. Current financial
21 statements of Health Midwest.

22 MR. WILSON: Did you look at how the
23 allocation of net revenues or revenues has changed
24 over the period of time that Health Midwest has
been

25 operating this system?

1 MR. BROWN: No, sir. I wish I had
thought 2 of the question.
3 MR. WILSON: Well, if the ratio or change
4 or allocation, I should say, is around 20 percent
5 today between Kansas and Missouri for net revenues
6 and revenues, what would that allocation have been
if 7 we looked three years ago or six years ago?
8 MR. BROWN: It would have been different.
9 Obviously, Kansas would have been smaller. During
10 the six-year time period, surely the developments
in 11 Johnson County have become substantially greater.
12 And over that, say six-year period, there would be
13 ramping up to the level of the revenue it
represents. 14 MR. WILSON: Was any attempt made to
value 15 the assets in Kansas or in Missouri on a basis
other 16 than revenues and net revenues?
17 MR. BROWN: We have measures that would
18 reflect different approaches to calculating the
19 division. If, for example, one used net assets,
the 20 value of net assets in Kansas, I believe, is
21 approximately 1.4 percent of our total net assets
for 22 our system.

23 But revenues would represent a
24 substantially higher percentage than that. That's
25 one of the dilemmas that we have, in mentioning
that.

about 1 We haven't really spent a lot of time learning
2 where and how the state line affects the financial
3 statements of our system. We understand that's now
a 4 necessary development. And it can be examined in a
5 variety of ways. Which, frankly, we're very open
to 6 having you and Kansas Attorney General giving us
7 guidance on.

8 MR. WILSON: It's been suggested that the
9 assets that are now in Kansas were the product of
10 leveraging the assets that were in Missouri, in
order 11 to create the assets that are now the Kansas. Have
12 you heard that argument made?

13 MR. BROWN: Yes, sir. Mostly in
Missouri.

14 MR. WILSON: Do you have a response to
15 that?

16 MR. BROWN: Personally, I believe that's
an 17 accurate statement. The capitalization of the
18 organizations that we currently operate in Kansas
are 19 developed largely capital-based at Health
20 Midwest Missouri corporation has established over
21 it's history.

22 At the same time, the population we're
23 serving, the presence of those assets inside the

24
establishes

boundaries of the State of Kansas clearly

25
those

that we have a substantial physical presence in

1 Kansas corporations based inside that state.

our 2 It's particularly the best in part that
3 organization faced in trying to understand how to
4 satisfy each of the states various interests and
5 resolve the very questions you are now asking.

mean 6 MR. WILSON: With the experience that
7 Health Midwest has in this market, and by that I
8 both sides of the line.

9 MR. BROWN: Yes, sir.

10 MR. WILSON: Do you have a feel for where
11 the need is in the community of those who are not
12 served or underserved by the current health care
13 delivery system?

I 14 MR. BROWN: I appreciate your question.

health 15 have an appreciation for the need for quality
on 16 care across this entire community. One can focus
17 the needs of the indigent, and I spent some time
18 describing to you the services that we provided to
19 that group of individuals.

needs 20 There are physician shortages throughout
21 the community. The medical schools in our area
22 substantial support to increase the supply of
23 talented physicians that provide care to our

for 24 residences. We're facing an overwhelming demand

25 baby boomer local health services. We have a

1 desperate shortage of hospital-based physicians
2 throughout the area; anesthesia, radiology,
3 cardiology, emergency medicine, et cetera.
4 Training of individuals who can provide
5 care across the entire region is a crucial set of
6 demands that has to be addressed. The nursing
7 shortage that is devastating our entire country
needs
8 to be responded to on a community-wide basis.
9 Now from our standpoint, I have not
focused
10 on the need for quality care. And second to that,
11 our system is a metropolitan-wide system. We have
12 thought about the emerging needs of the health care
13 demands in this entire community in our country on
14 this basis. We have integrated our system across
the
15 community without regard of worrying about the
state
16 lines, city limits or judicial and political
17 jurisdictions.
18 With respect to the concentration of
those
19 who are most in need of subsidized care, they could
20 reside in the urban cores of both Kansas City,
21 Missouri, and frankly Kansas City, Kansas. We
22 operate substantially in our Primary Health Clinic
in
23 Kansas City, Kansas, across from the old
courthouse.

Center.

24 It has operated as a substantial deficit for many
25 years in partnership with Providence Medical

services

1 And clearly there are substantial needs for
2 in those areas.

point

3 But to suggest that from our vantage

not

4 we can eliminate areas of our community that may

health

5 have health communities is going too far. The

6 care needs this community faces today and will face

7 in the future will be materially improved with the

8 resulting foundation funds this transaction

9 represents.

10 And frankly, for it to distinguish itself

11 over larger areas is resources that are above and

12 beyond what we have to offer. What the new agency

13 will have to offer and for a very large percentage

14 will find additional opportunities in those areas,

15 about financing and health benefits.

allocate

16 MR. WILSON: If it's important to

think

17 these resources based on the state line, do you

the

18 that it would be possible to allocate the need on

19 state line? Do you think it would be possible to

20 determine, on the factors that you just discussed,

21 what percentage of the need lies on the Kansas side

22 of the state line and on the Missouri side?

23 MR. BROWN: Actually, I'd have to defer

to

24 other organizations that would be more focused on

of

25 assessing that kind of need. On the Missouri side

1 the state line we have a LINK organization that I
2 think is well positioned to understand the need and
3 to assess it. There may be a similar organization
on
4 the Kansas side of the state line. I'm not
familiar
5 with it.

6 But it's deceiving to think that you can
7 figure out where the population resides and address
8 the need. We operate a very large and
comprehensive
9 second center, Overland Park Regional, located at
the
10 section of 435 and Quivira. It serves a very wide
11 range of geographic area. Brings in a high number
of
12 high risk pregnancies. Plus the number indigent
13 patient needs, that because of its location you
might
14 say it's located in a geographic jurisdiction that
15 has a high associate of common standing, therefore
it
16 doesn't need support, doesn't need help. The
people
17 who come to it, and they come from a large range of
18 area around the Overland Park sites to occupy.

19 I'm probably not the best one to try to
20 answer the questions your asking. I have a
21 segregated need and political tie.

22 MR. WILSON: If you were able to allocate

is

23 today where the need is and what percentage of it
24 on the Missouri side of the line and Kansas side of
25 the line, would you expect that number to be

1 different if we looked five years ago?

2 MR. BROWN: Five years ago?

3 MR. WILSON: Yes. If we determine what
it
4 is today, would you expect that to be different
from
5 what it was five years ago?

6 MR. BROWN: I don't honestly have an
answer
7 to that question. I think that you may be able to
8 find some improved stability in sections of the
9 community that were formerly distressed. You may
10 also find that some of those people who were
11 occupying those sites that were formerly
distressed,
12 has simply moved to another place and now that
place
13 is distressed.

14 In our own organization we have a
15 substantial effort to -- a redevelopment effort to
16 elevate the house standards, help the people
acquire
17 houses for the first time. We are seeing a change
in
18 demographics of the area we're working on through
19 partnership activities. I wonder, however, if
we're
20 really changing the people that were challenged
five
21 years ago, to use your example. Over a period,
some

22 of these people who were new to the area, because
23 they've been upgraded. People that were there
before 24 in more substandard modes have relocated some place
25 else. I just don't have the information to help
you

1 with that?

able 2 MR. WILSON: And even if we were to be

3 to allocate the current need between residents in
4 Missouri and Kansas today, would you expect that
that

5 allocation would be different five years from now?

just 6 MR. BROWN: Yes. I think that slicing

a 7 through a single month in history and locking it in

8 rigid formula is not in the overall estimates of
this

9 community. I would further strongly advocate that
we

10 not do that.

11 I think knowledgeable leaders think the
12 amount of need across this community is a much
better

13 choice than arbitrariness that happens as the whole
14 point of history, but swayed by the pragmatic
15 realities of the jurisdictional issues that we
face.

Health 16 MR. WILSON: The first proposal that

17 Midwest made were discussions as to what the post
18 sale operations would look like did not involve two
19 separate corporations as we are now involved in?

be 20 MR. BROWN: That's correct. That would

21 before we heard from Ms. Stovall.

22 MR. WILSON: I'm sorry?

23 MR. BROWN: That would be before we heard

24 from Ms. Stovall.

25 MR. WILSON: On Slides 13 and 14 you talk

Community

1 about who would appoint the members of the
2 Advisory Committee that you propose?

3 MR. BROWN: Yes, sir.

and

4 MR. WILSON: How were those identified
5 how were the appointments allocated among them?

present

6 MR. BROWN: With the exception of Kansas
7 City, Kansas, the municipalities identified are the
8 cities our hospitals physically reside at the
9 time. And the ratio of those appointments is
10 distributed on the basis of the size of our
11 operations in each of those municipalities. And so
12 the distribution you see is a product of our sites,
13 first of all, of our hospitals. And then secondly,
14 the ratio of the asset bases in those cities.

where

15 The exception is Kansas City, Kansas,

for

16 I told you we serve through a primary care clinic
17 about 15 years. And the former Trinity Lutheran
18 Hospital provided a substantial level of care to
19 residents of the Kansas City, Kansas, region,
20 primarily the Argentine area.

21 MR. WILSON: That raises an interesting
22 point.

23 The allocation of appointments represents
24 today's operations?

MR. BROWN: Yes, sir.

1 MR. WILSON: Was there any attempt made
to
2 account for operations that Health Midwest has had
3 which it no longer operates, wherein cities where
4 that was true?
5 MR. BROWN: No, sir. All of which are
very
6 open to different methodologies for how to assemble
7 the shares that everybody thinks they should be
8 entitled to, is not really a debate. We didn't
start
9 that debate. We got drawn into it. Apparently, it
10 is a debate about something that is overall not
11 positive to the community, but we're very open to
12 conversations that you think might make it more
13 appropriate for parties represented.
14 MR. WILSON: What about it is not
positive?
15 Or rather, if it's more simple to answer the
16 converse.
17 What about designing a subsequent entity
to
18 administer these funds is more positive if this
sort
19 of debate is avoided?
20 MR. BROWN: Let me give you a really
21 specific tangible example that I referred earlier
to,
22 the desperate need for medical professionals,
23 nursing, technicians. Right now one of the largest

24 sources educating the professionals that serve the
25 Kansas City area is the University of Kansas.

at

the

go

how

1 The methodology that we have proposed to
2 you today, as you reflect on it, will indicate that
3 the University of Kansas will be eligible for a
4 fairly small percentage of the overall funds
5 available from this endeavor. The medical staffs
6 our hospitals, our nurses staffs, our technical
7 staffs, are largely represented with graduates of
8 medical programs operated through the University of
9 Kansas.

10 If preparing for the ultimate demand for
11 health care providers is an important role of this
12 community, and this foundation can then submit a
13 contribution to addressing the current shortage and
14 keeping it in balance into the future to relegate
15 University of Kansas to being eligible to only
16 receiving a small portion of the funds that might
17 out to be available, if you had a global view of
18 this asset could benefit this community, is in my
19 view a real liability.

20 MR. WILSON: You mentioned at the end of
21 your presentation about the existing hospital
22 foundations?

23 MR. BROWN: Yes, sir.

24 MR. WILSON: How many of them are there?

ten.

25

MR. BROWN: I believe there are nine,

1 There are nine or ten.

lot

2 MR. WILSON: Okay. There hasn't been a
3 of discussion about them in this setting. And I'd
4 like for you to describe, if you can, who they are,
5 what they do.

6 MR. BROWN: Right. They largely are
7 arrayed around the hospitals. There are a couple
8 smaller foundations that are related to -- for
9 example, the Hospice has it's own foundation. The
10 largest of them has something approximately 38
11 million in assets. They range down to the smallest
12 of just 1 million dollars in assets.

to

13 They have been supporting the hospitals
14 which they -- or the other organizations to which
15 they are attached. They raise funds in the
community
16 through various fundraising activities, annual
17 solicitations, funding events, requests generating
18 giving. And have amassed an aggregated money of 4
19 million dollars of assets over the history of their
20 existence. Some of them went back decades.

21 MR. WILSON: When Health Midwest had
22 positive revenues, were any of those distributed to
23 those foundations for their use to serve the
24 institutions that they serve?

25 MR. BROWN: I think funds were not

actually

from 1 distributed. But if I can get some verification
2 someone of obligations?
3 (Audience member responded, inaudible.)
of 4 MR. BROWN: Yes there was a forgiveness
5 obligations the foundations had to the hospitals,
to 6 which had an effect of being a subsidy value back
7 the foundation, but not a direct fund transfer.
would 8 MR. WILSON: What kind of obligations
9 they have had to the hospitals?
10 MR. BROWN: Primarily, form of an
11 obligation of overhead.
a 12 AUDIENCE MEMBER: There was the staff, as
13 certain obligation.
of 14 MR. BROWN: Right. We can ask the cost
15 the staff to no longer be, so instead of having
them 16 deduct that from the principle, we simply forgive
17 that indebtedness, donate to them staff that has
been 18 serving them throughout the year.
19 MR. WILSON: Health Midwest, as I
that 20 understand it, manages their money for them; is
21 correct?
22 MR. BROWN: That's correct. There is a

23 pool fund management strategy across the entire
24 system.

25 MR. WILSON: And the services that Health

1 Midwest provides to those separate foundations, are
2 they charged for that service?

3 MR. BROWN: Is that part of the
allocation?

4 AUDIENCE MEMBER: Allocated to the
5 hospitals, but not to the foundations.

6 MR. BROWN: To the hospitals, but not to
7 the foundations.

8 MR. WILSON: In your proposal, I take it
as
9 a condition of their exercising the option you're
10 giving them to proceed independently, would be a
11 recognition on their part that they will assume a
pro
12 rata share of certain liabilities?

13 MR. BROWN: Those are determined in what
we
14 call debt invitation liabilities. Should some
15 (inaudible) develop for which we have identified to
16 HCA, that on a pro rata basis they would accept
that
17 accountability.

18 MR. WILSON: Would they also be liable
for
19 any of Health Midwest's current debt?

20 MR. BROWN: No, sir. Those liabilities
21 are just charged through the transaction.

22 MR. WILSON: Do you anticipate or do you
23 know whether those organizations would be restating

24 or reformulating their purposes after the sale?

25 MR. BROWN: I really don't. They have

1 taken an active way in evaluating their own
2 circumstance. There is some dialogue with our
3 wording in Health Midwest, but not a definitive
4 resolution of any issues that's in the midst of all
5 the other stresses we're trying to deal with,
6 challenge to keep up with how we might be involved
7 with the -- you are the doctor that facilitated
their
8 separation, that is their choice. Perhaps would
9 cause them to think more thoughtfully about the
10 discussion, as opposed to some sense that they were
11 forbidden from taking a definite course.

12 MR. WILSON: In your proposal there isn't
13 contemplated that Health Midwest would be reforming
14 or restating it's purposes, is there?

15 MR. BROWN: That's correct.

16 MR. WILSON: The purposes --

17 MR. BROWN: The existing purposes would
be
18 intended to remain intact.

19 MR. WILSON: Those purposes, in your
view,
20 would permit the range of operations or activities
21 that you described to the foundation?

22 MR. BROWN: Yes, sir.

23 MR. WILSON: Also regarding the existing
24 hospital foundations and the choice they may be
given

do

25

to proceed independently is a condition that they

1 that, acknowledging that they would be bound by the
2 non-compete provisions of the acquisition?

3 MR. BROWN: Yes, sir. We think that the
4 conditions that the transaction creates on Health
5 Midwest extend to those foundations. They are part
6 of the organization that has accepted that set of
7 obligations. We believe it would be disingenuous

to

8 HCA to sort of liberate that large a sum of money
9 say they are not influenced by those covenants.

and

10 MR. WILSON: The theory that I've had
11 discussed to me is that HCA would want a non-
12 clause to ensure that the money it's paying then
13 isn't being used to fund the operations of its
14 competitors.

compete

future

15 Is that roughly the theory but beyond the
16 non-compete cause?

17 MR. BROWN: I think they are making a
18 substantial investment in the Kansas City market

and

19 do not want to find their competitors duly
20 well-endowed as a result of their investments, from
21 whatever source that duly well-endowed resource may
22 come.

23 MR. WILSON: And there isn't, in your
24 proposal, any expectation that the proceeds of the

existing 25

sale will be allocated to any extent to any

1 health foundations?

2 MR. BROWN: Of Health Midwest?

3 MR. WILSON: Of Health Midwest.

4 MR. BROWN: No, sir.

5 MR. WILSON: Whatever money they would
take

6 with them, if they decide to separate, is money
that

7 they would have without regard to what the sale is?

8 MR. BROWN: Yes. It would be assets that

9 are on their financial statements, which at the

10 present time are part of the consolidation of
Health

11 Midwest.

12 MR. WILSON: Can you describe what the

13 closing --

14 MR. BROWN: I might also add, it's really

15 relevant here that all of our indebtedness
obligates

16 those funds. And those funds are available to

17 satisfy our indebtedness if we were, for example,
to

18 have our bonds foreclosed. So the sense that those

19 assets are somehow sacrosanct, our bondholders and

20 our lenders don't view it that way. The documents

21 that structure our debt don't view it that way.

22 The ability to be liberated from there

23 obligation that this transaction created, is in and

24 of itself a substantial elimination of a liability

that those organizations currently shoulder.

pay 1 MR. WILSON: So the debt that you would
paid 2 down would be yours to benefit the fact that you
3 a down to an existing hospital foundation?
4 MR. BROWN: Yes, sir.
5 MR. WILSON: Can you describe what the
6 non-compete clause is and does?
somebody 7 MR. BROWN: I'm going to defer to
8 who can. Joe. This is Joe Hiersteiner, general
9 counsel. He reads to put us to sleep.
10 MR. WILSON: Mr. Hiersteiner, could you
11 spell your name, please?
12 MR. HIERSTEINER: Sure.
13 H-i-e-r-s-t-e-i-n-e-r.
in 14 This is a general prohibition of grants
15 excess of a quarter of a million dollars to any
16 competitive organization during a one-year period,
17 that would apply to the existing foundation and to
18 the resulting foundation from the transaction.
19 With respect to other types of grants or
20 allocations, there is general restriction with
21 respect to favoring competitors in a manner that
22 disadvantages the existing Health Midwest
hospitals, 23 which is then HCA Hospitals.
24 Then there is a list of items, which I

think made a part of our original plan, which would

1 be permitted regardless of any kind of an amount or
2 dollar limitations. I think that's on page 10 of
the 3 original plan document that you have.

4 MR. WILSON: The plan that's being
5 circulated and discussed today?

6 MR. HIERSTEINER: Yes.

7 MR. HATFIELD: Well, let me ask you like
8 this: Do you read the quarter million as applying
to 9 the aggregate to all of the separate foundations?

10 MR. HIERSTEINER: No.

11 MR. HATFIELD: It's quarter of a million
12 dollars per foundation?

13 MR. HIERSTEINER: No recipient can
receive 14 more than a quarter million dollars in any one
grant 15 in any one year.

16 MR. HATFIELD: But aggregated? In other
17 words, if Menorah Foundation gave 200,000 and the
18 Health Midwest Foundation would be limited only to
19 50,000 that one --

20 MR. HIERSTEINER: I believe one
foundation, 21 one grant.

22 MR. HATFIELD: So under that, for
example, 23 the Health Midwest Foundation, if it decided it

24 needed to give a million dollars to Truman Hospital
25 to fund indigent care services, they could not do

1 that, right?

2 MR. HIERSTEINER: Well, I don't think

they 3 could give it to Truman Hospital to fund indigent

4 care services. But they can certainly fund

indigent 5 care services across the community.

6 MR. WILSON: But they couldn't give it to

7 KU Med or they couldn't give it to Truman or they

8 couldn't give it to St. Luke's?

9 MR. HIERSTEINER: Right.

10 MR. HATFIELD: And then is the

disadvantage 11 language is that separate from -- is that within

the 12 quarter million? In other words, even though they

13 could give up to a quarter million in any one, in

14 addition there can't be any system that gives

15 advantage to a competitor?

16 MR. HIERSTEINER: I think the quarter

17 million is obviously without regard to disadvantage

18 or advantage. The disadvantage language would

apply 19 to community-wide grants that were designed to

20 a particular institution.

favor 21 MR. HATFIELD: Did Health Midwest offer

the 22 non-compete clause when it went out for sale or was

23 that demanded by HCA?

24

MR. HIERSTEINER: Demanded by HCA.

25

MR. HATFIELD: Before or after the price

1 was agreed upon?

Mr. 2 MR. HIERSTEINER: I'd have to go back,

3 Hatfield, to check my notes. I really don't recall

4 the timing of this. I believe that it was part of

have 5 the original proposal by the pursuers. But I'd

6 to check that.

7 MR. HATFIELD: Tenant proposal of

8 non-compete clause as well?

check 9 MR. HIERSTEINER: Again, I'd have to

10 the materials from tenant to know that for sure.

a 11 MR. HATFIELD: Why did the board agree to

12 non-compete clause?

13 MR. HIERSTEINER: I think the board

14 believed it to be reasonable in the context of the

15 transaction, in the amount of money and capital

that 16 HCA was agreeing to put in within the community.

17 MR. WILSON: Mr. Brown or Mr. Hiersteiner

18 whichever, can you talk through what the process

19 would look like if the sale closed. And what I'm

20 trying to get at is: What funds would become

21 available and on what sort of timetable to be used

by 22 whatever resulting organization to fund services or

23 grants in this area?

that 24 MR. BROWN: I think the plan would be
25 the substantial set of funds that would become

1 available in this case, assuming we take 94 million
2 and projecting 800 million, because we don't know
the 3 feedback of those organizations. The expectation
4 would be that that set of funds totalling
5 approximately 750,000 would be sort of in effect
6 housed in that organization while it begins to get
7 itself organized and structured, to begin to pursue
8 the objectives that are there on the plan, up to
and 9 including, for example, not employing full-time
staff 10 until the board is restructured and in effect
11 becoming operational before any decision making of
12 allocation funds would occur.

13 So the strategy is to be wise and to
assure 14 about the management of those funds through
15 investment to in effect get the housekeeping of the
16 organization set up, in place. Get the governance
17 structured as described and printed what we
discussed 18 before any actual operational funding could begin
to 19 take place.

20 MR. WILSON: As I understand the
proposal, 21 you envision nine months, that process of
22 establishing governance to take --

23 MR. BROWN: That's an estimate.

24

MR. WILSON: -- up to nine months?

25

MR. BROWN: Right.

1 MR. WILSON: So in terms of funds being
2 available for grants, it would be zero through the
3 first nine months and then some portion?

4 MR. BROWN: Right. My guess is that the
5 new board would want to take some time to get
6 comfortable with its own understanding of its
7 obligations. I personally would not expect funds
to
8 be employed substantially in the first 18 months or
9 so, that would probably be progressive. I think
the
10 (inaudible) we would expect, we want to accommodate
11 to be served would be thoughtful about the needs
that
12 you were discussing earlier, the funds that are
13 available, the variety of methodologies that may be
14 there for examining how to apply the resources to
the
15 optimum of the community, of data consulting
services
16 will be necessary from professionals who have
17 experience in these areas elsewhere in the country
18 who want to provide resources.

19 I don't think we can provide prudence, I
20 think and caution would be to watch and see. Speed
21 would not be an asset in this as far as engaging.

22 MR. WILSON: Let me back up for a second
23 and talk about the numbers you threw out.

24 We do have a number of people who would

just 1 point. But I did want to, the numbers that you
2 mentioned?
3 MR. BROWN: In terms of the schedule?
the 4 MR. WILSON: No. You started out with
5 idea that there would be roughly 800 million
dollars 6 after the transaction closes?
7 MR. BROWN: Yes, sir.
8 MR. WILSON: And after Health Midwest
9 existing debts paid?
10 MR. BROWN: Yes, sir.
11 MR. WILSON: And after whatever other
12 adjustments there are under the plan?
13 MR. BROWN: That's our current estimate.
includes 14 MR. WILSON: But that 800 million
15 90 plus million that is already in the bank, so to
16 speak?
17 MR. BROWN: Ninety-four million held
18 currently by the existing foundations.
billion 19 MR. WILSON: So of the roughly 1.1
20 dollar sales price that's been mentioned, what you
21 anticipate realizing out of that is approximately
700 22 million of net?
23 MR. BROWN: That's right. Depending on
how

24 many foundations choose to become independent.

25 MR. WILSON: I'm setting aside the 94

1 million?

2 MR. BROWN: Yes, sir.

3 MR. WILSON: So if 1.1 billion is the
sale
4 price, that you believe you'll walk away with, out
of
5 that 1.1 billion, is 700 million?

6 MR. BROWN: Right. Some of that 700
million
7 are existing assets of our organization, as well.

8 MR. WILSON: Okay. But is there a
category
9 large enough to merit discussion here, like the
10 existing hospitals?

11 MR. BROWN: Suggested organizations, Tom?

12 AUDIENCE MEMBER: I think so. Out of the
13 whole transaction there are still assets of Health
14 Midwest in addition to 1.1 billion.

15 MR. BROWN: Right.

16 MR. WILSON: Right. What I'm trying to
17 figure out is: Are they being counted in that 700
18 number?

19 AUDIENCE MEMBER: Right.

20 MR. BROWN: Yes.

21 MR. WILSON: So if we exclude all of the
22 retained assets, what is the net receipt from the
23 sale to Health Midwest; if you know?

24 AUDIENCE MEMBER: We don't know.

MR. BROWN: We don't have that. We can

1 work on that, if you'd like it gathered.

2 MR. WILSON: But it's less than 700
3 million, because that number includes some retained
4 assets?

5 MR. BROWN: Right.

6 MR. WILSON: We appreciate your
7 presentation today. And if you would like to stay,
8 maybe to help field questions that come up.

9 MR. BROWN: Sure.

10 MR. WILSON: If you would feel more
11 comfortable to take comments, questions under
12 advisement, that's up to you.

13 MR. BROWN: I appreciate the
thoughtfulness
14 of your questions. Thank you.

15 MR. WILSON: Thank you.

16 MR. HATFIELD: As is our custom, we're
17 going to call out three names. And if you can come
18 to the microphone down in front and speak. we're
19 going to hear from Jerry Hernandez, Landon Roland,
20 Reverend Wallace Hartfield.

21 Is Mr. Hernandez here?

22 Actually, let's hear from Reverend
23 Hartfield, Landon Roland and Dr. George Hoech.

24 REVEREND THOMPSON: I'm Reverend Fuzzy
25 Thompson.

1 MR. HATFIELD: I'm sorry.

2 REVEREND THOMPSON: Reverend Hartfield
3 wasn't able to be here today, I'm in his place.

Reverend

4 Good afternoon. Again, my name is

5 Thompson. I'm president of SCLC of Greater
6 Kansas City -- Southern Christian Leadership
7 Conference of Greater Kansas, and a member of
8 Concerned Community Coalition.

religious

9 The Concerned Community Coalition
10 represents diverse community organizations,
11 organizations, health care organizations, labor
12 organizations, and many interested individuals who
13 have come together in a shared concern over what is
14 taking place or more importantly what has not taken
15 place within the community, as related to the

pending

16 sale of Health Midwest to HCA.

17 I'm here today, as I have been for every
18 public hearing that was held on this issue, of the
19 pending sale of Health Midwest to HCA, trying to
20 voice the voice of the community heard. Not just

by

21 the people in the audience around me, not just by

the

22 media, that might be present, not just by the
23 representatives from the Attorney General's office,
24 but by persons in the community.

I'm

25

And after reading this latest proposal,

1 still in wonder as to who, if anyone, is really
2 listening. The desire for the Community is simple:
3 Inclusion. Not after the fact, from start to
finish.

4 It is difficult to understand why inclusion of the
5 Community in this process has been such a difficult
6 task.

7 On December 16th, the coalition that I
8 referred to sent a letter to both Dick Brown,
Health

9 Midwest and Jack Hogan of HCA. I'll address the
10 outline of our concerns and making very specific
11 requests that to achieve a community's goal and
12 needs, to be included in the process. To date
there
13 has been no response.

14 Again I ask if anyone is really
listening.

15 In this letter, Dick Brown states that several
16 months ago, "We promised to keep our patients, physicians,
17 employees, and communities we serve apprised of the
18 development of the transaction between Health
Midwest
19 and HCA."

20 However, Mr. Brown, to put it plain, the
21 Community doesn't want to be apprised after the
22 decisions have already been made. The Community
23 wants to be involved and included during the

24 decision-making process. To send out a proposal
25 completely drafted by Health Midwest is a

1 continuation of the exclusionary process that the
2 Community has had to deal with.

Midwest 3 Now they want our response. Health
4 is telling us what it plans to do in our community,
5 with the Foundations that will ultimately impact
us. 6 And after telling us what they're going to do, they
7 now want to know what we think. Well, we think if
8 you had asked the Community at the beginning, you
9 would not have to review it.

10 Again, I ask, is anyone really listening.
11 There are several points of concern I have for the
12 new Foundation proposal most recently handed out.
13 First, as has been consistent throughout this
14 process, the Community appears only as an
15 afterthought. The current Health Midwest Board
16 expects members it wants to continue on the new
17 board. Mayors of various cities then select
members 18 of the Community Advisory Committee, which then
19 selects new board members.

20 Where does the community fit in? Where
21 does the community organizations and every day
people 22 who are interested in the process make an entrance?
23 According to this proposal they don't.
24 Again, the community is on the outside

that
decades

1 decisions someone else is making about something
2 directly affects it, as Dick Brown says, for
3 to come. This is a major shortcoming that needs to
4 be addressed.

of
for
the
be

5 In the coalition letter sent to Health
6 Midwest and HCA, we ask for a detailed description
7 the selection process; for criteria used during the
8 selection of process; for desired qualifications
9 potential board members; and for inclusion into the
10 process. Specifically, we asked for a conductive
11 mechanism providing the community an opportunity to
12 make recommendations of potential candidates. To
13 extent this is a response, the community is being
14 told none of this matters, because they are not to
15 included in the process. This inclusion speaks
16 volumes of the true intentions here to hand down
17 rather than to build up.

veiled

18 The Health Midwest delegation of the
19 responsibility to appoint a Community Advisory
20 Committee, which to the mayors appear to be a
21 attempt to shirk the ultimate responsibility to
22 develop a process that ensures direct input,
23 nominations and recommendations, from a broad base.

24 From as broad a base as possible in the community.

25 I have great concern over the injection

of

mayors 1 politics into the selection process. To have
just 2 select the Community Advisory Committee will do
of 3 that. Make this process and the board overly
4 political. Politics only adds yet another element
5 variance between the community and the
6 decision-making process.

7 In addition, there is no indication as to
8 structures or consistency in the selection process.

9 Finally, there is no built-in protection
10 for the community to safeguard against the many
11 potential intervening forces and factors that are
12 associated with the political process. Again,
13 leaving the community exposed and at risk.

the 14 There are many other points of concern
15 community has with the proposal that today's time
16 restraints do not allow for adequate discussion.

would 17 There are many unanswered questions. Like why
of 18 you essentially leave the Foundation in the hands

19 a board that has apparently failed in the
20 administration of its current duties? That's what
21 you're doing if you leave the majority of the
22 existing board on the new Foundation board.

can 23 How can you say that three new members

24 possibly reflect the diversity of the community

25 served by Health Midwest? The community needs more

1 than to be total representation, again from the
2 start. How can you say the assets will be
protected,
3 when the final board will not be in place for five
4 years? During which time the key decisions will
have
5 been made and assets already committed. Again,
6 mostly by current board members in their own
7 previously established agendas and priorities.

8 In closing, to the extent that the
9 community continues to be left out of this process
10 and to extent that the community is excluded during
11 this critical transition and developmental stage,
the
12 interest of the community must be protected. This
13 proposal fails to protect the interest of the
14 community.

15 Therefore, Mr. Assistant Attorney
General,
16 we are counting on you and Mr. Nixon, to insure
that
17 safeguards are put in place that cannot be
18 circumvented and cannot be maneuvered around.
19 Safeguards that would protect the community's
20 interest and the assets of the Foundation from the
21 beginning.

22 The community request that the board be
23 instructed through it's by-laws in Articles of
24 Incorporation, in such a manner that decision

making

25

is limited until the final board is in place.

1 Further, nothing should happen prior to a
2 comprehensive community assessment, which by the
way 3 is the only place Health Midwest opening welcomes
4 community input.

5 Finally, the community demands that the
6 board be transparent and subject to Missouri Open
7 Meetings Act, as was done with Blue Cross & Blue
8 Shield in St. Louis.

9 The community wants to work with Health
10 Midwest to make this sale and transition a success.
11 But the community can only do so if it is included
12 and respected as a vital and integral member of the
13 process.

14 Health Midwest's current modes of
community 15 contact consists of the World Wide Web and their
16 so-called community line, which is a recording.
17 There is no one there for an exchange. Talking to
a 18 machine is not dialogue. When is Health Midwest

19 going to step up to the plate and sit down at the
20 table with community members? Surely somebody from
21 Health Midwest will come down from the Tower of
Power 22 and walk amongst and talk to the people. That's

what 23 we want. That's the least the community deserves.
24 Thank you, very much.

MR. HATFIELD: Reverend Thompson, let me

1 ask you a quick question while you're here.

2 REVEREND THOMPSON: Sure.

3 MR. HATFIELD: I appreciate what you're
4 saying and I understood what you're saying.

5 At the beginning, it would have been nice
6 if somebody asked us before they just came forward
7 with a proposal.

8 REVEREND THOMPSON: Yes, that would have
9 been nice.

that 10 MR. HATFIELD: I certainly understand
11 and agree with what you're saying. There are some
12 folks from Health Midwest here tonight. So let's
13 talk a little bit about how we would put together a
let 14 board if we were just starting from scratch. And
15 me say, we struggled with this a lot when we put
16 together the Missouri Foundation for Health Board.
going 17 And what we did there is, we ended up
18 to some community groups; the Missouri Association
of 19 Social Welfare, the AARP, some other groups, and
20 asked them for nominations. But there were people
21 who still said, "Well, that's not enough community
22 involvement. Because people don't have an
one 23 opportunity just to -- if they're not a member of
24 of those groups, to come forward.

1 would develop a system to get nominations together
2 that really gets down to sort of grass roots
3 community?

4 REVEREND THOMPSON: We put together a
5 voluntary coalition of agencies that are concerned
6 about this sale and the implications of this sale,

15

7 different organizations across the community;

clergy,

8 civil rights, labor, doctors' professional groups,
9 nurses' professional groups, and the coalition of
10 Hispanic organizations -- which includes all 24

mayor

11 Hispanic organizations in the city. We sat down

and

12 we took a lot of time and energy volunteering to
13 draft a proposal. We sent it over. We've had no
14 response. That's the kind of group that we want to
15 be involved in the process.

16 We want to sit down with Health Midwest.

17 And let us work together to come up with the best

way

18 we can develop the structure of this board and
19 preserve these assets. We are intelligent people.
20 And we are able to make those decisions, if given

the

21 opportunity. That's what we want to do.

22 As I said in the speech, we don't think
23 that putting the mayors in there is a good idea,

services, 1 this sale, the people who are receiving the
We 2 the people to have input, say so in this process.
3 want the public, whose these assets belongs to, to
4 have a say so in the process.
5 MR. WILSON: The concerned community you
6 told us that you talked about, does it have
7 organizations in it based in Kansas?
8 REVEREND THOMPSON: Yes.
9 MR. WILSON: And represents interest in
10 Kansas?
11 REVEREND THOMPSON: Yes. We have, for
12 instance, SCLC, which I'm the president, is a
Greater 13 Kansas City chapter. We take in the total
14 metropolitan area. The Kansas City, Kansas, the
15 Baptist Ministers' Union, those are the ministers
who 16 pastor churches in Kansas City, Kansas. They are
17 part of it.
18 The Kansas City Medical Society has
doctors 19 from the Kansas side and on the Missouri side. So
20 yes, we have the NAACP, they have local chapters on
21 both sides of the river. The Urban League, they do
22 business all over Kansas City. The unions, the
labor 23 unions take in all metropolitan Kansas City.

24 So yes, we have groups that have
interest,
25 very serious interest on both sides of the river.
As

1 a matter of fact, my church happens to be in
2 northeast Wyandotte County, where health care is
3 probably at itself poorest in the whole
metropolitan
4 area. Where the only hospital, was bought by HCA,
5 formerly Columbia, and then sold a year later. So
6 there is no hospital in the northeast section of
7 Wyandotte County, Kansas City, Kansas.

8 MR. WILSON: Reverend Thompson, you
9 mentioned a letter that your organization sent to
HCA
10 and Health Midwest. I'd like to ask you if you
know
11 that if you would like to put that letter into this
12 record, we'd be happy to do that.

13 REVEREND THOMPSON: We certainly would.
We
14 sent you copies.

15 MR. WILSON: Would you like to have that
16 included in this record?

17 REVEREND THOMPSON: Yes, we would.

18 MR. WILSON: Thank you, Reverend
Thompson.

19 MR. HATFIELD: Let's do this. Let's hear
20 from Landon Roland and then we'll hear from George
21 Hoech, as I said before. And then Reverend
Hartfield
22 does have a representative here, so let's go in
that
23 order.

24 I'm going to try to move through in the
25 order people have signed up. I know some people

are

1 looking for a Chiefs game, so we'll move as quickly
2 as possible.

3 MR. ROLAND: This is your fault if any of
4 them miss any tailgates before the kickoff.

5 (Laughter.)

I 6 MR. ROLAND: My name is Landon Roland and
7 am chair of the Local Industrial Commission, which
8 was mentioned by Dick Brown in passing. This is an
9 independent citizens oversight group set up by the
10 State of Missouri, over a decade ago, to improve
the 11 lives of children, families and the elderly in the
12 Kansas City area.

13 We are responsible for marshalling assets
14 from a variety of public and private sectors'
15 sources. We're responsible for assisting in
16 collaboration. We're responsible for overseeing
the 17 deployment, the use of scarce assets and ensuring
18 they're appropriate responsible usage.

19 We are very pleased to be able to
20 participate in this series of hearings. Because
21 we've seen, as you have conducted the hearings,
that 22 is the Attorney General has conducted them, a
greater 23 sharing of information, point of view. And in the
24 case of Health Midwest, we are interested to see

1 Attorney General.

2 A response that has led Health Midwest to
3 make material changes in their original approach to
4 these challenges. We believe that there would be
5 four adjustments in the Health Midwest approach,
6 based on the representations that Dick Brown
offered
7 today in his comments.

8 But before I come to our specific
response
9 to his presentation and that of his colleagues, I
10 want to really digress to what we think is the more
11 important concern for this community. And by that
I
12 mean the same community that Dick Brown serves at
13 Health Midwest, and that is the Kansas City
14 Metropolitan Community. This is a community that
15 straddles the state line, that blends citizens from
16 both sides of the state line.

17 That is: We can't afford litigation. We
18 think it's shameful that these two states cannot
come
19 together in some collaborative manner and resolve
the
20 issue of one or two foundations, to resolve the
21 matter of representation, that meets the
legitimate,
22 quite legitimate community concerns for diversity;
23 that meets the legitimate community concerns for

to

24 openness; for the Sunshine Law and its application
25 the activities of this foundation, whoever it is.

1 That these attorney generals can find
some 2 way to find a process, to identify a process that
3 brings people to the governance. People to the
4 governance of this foundation that are qualified by
5 their respect for one another in the community; by
6 their financial expertise in matters of great
7 investment challenge.

8 We talked about this at the very first
time 9 we got together with you. There's been no
discussion 10 of identifying a methodology, a process by which
the 11 community can be assured that this money will be
12 husbanded, that the best possible returns will be
13 achieved and the least possible money will be spent
14 on high office. That most of the money, all of the
15 money to the greatest extent possible would go back
16 to serving the indigent, those persons who don't
have 17 anything.

18 Now, it is that approach that we think
the 19 attorney generals, the governors of our two states
20 should come together on. Don't spend any money on
21 litigation. You fellows may be working for
nothing, 22 that is, for the State of Missouri. And Carla
23 Stovall may be working for the citizens of Kansas

24 without any identifiable cost. But whatever Health
25 Midwest pays, it's going to come out of the

shameful

1 foundation benefits, and it seems to me the
2 foundation proceeds. And seems to me to be
3 that any of that money should be diverted in that
4 way.

5 And you folks, please take on the
6 responsibility of resolving this matter amicably.

7 MR. WILSON: I'm going to stop you right
8 there.

9 Do you believe that it is the role of the
10 Attorney General to design the process and the
11 organization that should or will result from a sale
12 of this size?

13 MR. ROLAND: I think you represent the
14 broadest public interest of the citizens of this
15 state, as Carla Stovall does for Kansas. And it's
16 within your -- the exercise of your legal
17 constitutional responsibilities, in my typical
18 opinion, to insist that Health Midwest do it.

19 You've already seen Health Midwest come
20 forward with progressively better proposals to
21 address many of the issues that were raised in the
22 beginning. Neither --

23 MR. WILSON: Well --

24 MR. ROLAND: Excuse me. Go ahead. What
25 were you going to say?

just
the
the
Midwest
the
the
the
Missouri
have

1 MR. WILSON: I believe the answer you
2 gave us, it departs somewhat from what you said at
3 the beginning. And that is, so I'm going to ask
4 question again.
5 Do you believe it is the role of the
6 Attorney General to design the foundation that
7 stewardship that will result from this sale or for,
8 as you said the second time, do you believe it's
9 Attorney General's role to insist that Health
10 do it?
11 MR. ROLAND: I'm sorry I didn't finish
12 point. Because eventually you have to keep after
13 applicants to address your concerns arising from
14 administration of the laws in the states of
15 and Kansas.
16 And if they fail to address issues of
17 fairness, participation by diverse population, then
18 you are going to have to take a role in finding a
19 solution that addresses the quite legitimate
20 expectations of citizens with diversity and serving
21 the real needs of those in want.
22 It's a two step process and I think we

23 to rely upon Health Midwest for its advisors to
24 address these concerns. They have shown some
25 progress in doing that. This is not to escape the

1 ultimate responsibility of making sure that our
2 concerns as citizens are addressed. And you have
3 that responsibility.

4 MR. WILSON: And that is a two-step
5 process. And where is it that you think we are
6 today.

midway 7 MR. ROLAND: I think you are kind of
8 in the first stage. You're midway in the first
9 stage. And I think that a lot of the comments that
10 I'll come to it in just a minute are representative
11 of a significant recognition on that part of Health
12 Midwest. That they have perhaps not anticipated
some 13 of the issues that the community has raised.

Diversity 14 Diversity is first and foremost.
15 is first and probably the most important in getting
16 the public trust back. And may I say, just in
maybe 17 out of order of what I was going to say today.

18 One of the most important things you as
19 attorneys general and public, and especially Health
20 Midwest has to do is to build confidence in the
21 outcome of this process. These hearings, will in
one 22 way, in our opinion.

23 But in the end that trust can only be
24 established by assuring diversity in governance;

1 meetings; competence in administration of the funds
2 by people that accept it, as having no self-
interest.

3 So that there would be confidence that there was no
4 conflicts of interest.

5 And as Fuzzy said, maybe no political
6 motivation for selection or decision-making.

7 And finally, open meetings. Open
meetings;
8 open accounts. Which I believe would ultimately be
9 the responsibility for the attorneys general to
10 review on a periodic basis.

11 Public companies submit quarterly
12 statements. There's nothing to be said about not
13 requiring similar quarterly submission by any large
14 public charity of this character. I'm not trying

to
15 impose on these folks the same standards of
16 regulatory review that afflicts -- and I used that
17 term, appropriately afflicts public companies. But
18 it seems to it me that it's not unrealistic where

you
19 have community stakes so high and so much money
20 involved. That would be appropriate for the
21 attorneys general of Kansas and Missouri to assist
on
22 such regular reporting.

23 Now, having said that, I've gotten ahead
of

24 myself in part. Because what I wanted to say was:

Health 25 There are open issues of however much progress

believe 1 Midwest has made. And I could review what I
2 are appropriate steps in the right direction. And
3 they would be in our written submission which will
4 come to you and be posted on the LINK website, as
5 most all these documents are, in complimenting your
6 own public exposure.

concerned 7 I think we are concerned, remain
8 about the future role of the Health Midwest
9 Corporation. As we have continued these hearings,
we 10 have learned more about the role that Health
Midwest 11 sees for itself.

12 As it now appears, they anticipate some
13 kind of ongoing operating role, not clear to me
14 exactly what that is. They anticipate a grant-
making 15 role. Then they anticipate some kind of a role in
16 disposing of -- abandoning more obsolete
properties.

17 Now, it seems to me to be, from the public
18 standpoint, frustrating, at the very least, to have
19 those roles so combined, and thus compromised.

20 We urge Health Midwest and we urge you to
21 insist on one new public charitable foundation that
22 takes care of the grant-making and leaves the
balance 23 of these issues to the Health Midwest Board, if

that

24 seems to be appropriate. Far be it for us to
presume

25 that we know how to do those things. It's

1 appropriate that we rely on Health Midwest and its
2 counselors and advisors, and on you to arrive at
that 3 result.

4 I think we're concerned in the same
context 5 about the Health Midwest Board. This is a board
that 6 is not diverse. It doesn't have any representation
7 of the wide variation of socio-economic, ethnic,
8 racial, gender criteria that we believe are
important 9 in establishing public trust and credibility. It
10 makes it very difficult to believe that any people
11 that are selected by such a board for an expanded
12 board, for a different board, will be taken as
13 reliable, as trusted.

14 And so it seems that at the very outset,
15 some new constitution of the Health Midwest Board
to 16 address this issue of lack of diversity has to be
17 undertaken promptly, and not wait until the money
is 18 forthcoming and is in the bank.

19 In the same way, I think we have a
concern 20 about how the Community Advisory Board is
21 constituted. Fuzzy makes some very good points
about 22 this. He focused on the political issues. But
there

in

23 is nothing in the proposal of Health Midwest that
24 guarantees the kind of diversity that is mentioned
25 the Health Midwest documents. Diversity,

that 1 socio-economic, racial, ethnic, gender diversity
2 is essential to giving the community confidence in
difficult 3 the use of this money. Now, it is not very
4 to get that, in my opinion. Fuzzy started you down
not 5 one path. But he's by no means the only -- he's
6 the only source of the information on this.
7 It seems to me that we should ask Health
8 Midwest to make its own assessment of this
9 possibility. And we should have a new and diverse
10 board for Health Midwest sometime early next year.
three 11 I believe it took LINK approximately
widely 12 months to constitute a board, in 1992, that is
13 viewed as appropriately diverse in every respect.
officials 14 This was done through cooperation of state
like 15 and by talking to people in the local community,
competence. 16 Fuzzy. People that have credibility and
17 Credibility and competence, and thus the trust of
the 18 people in the community.
19 So I urge you consider promptly
as 20 reconstituting the Health Midwest Board, in so far
21 it is devoted to spending the money that is

22 remaining, that goes back to the first point I made
23 about constituting a new charitable foundation, a
24 Missouri corporation responsible for the money.
25 It's interesting to us that we have
heard,

1 really for the first time, about these other
2 charitable foundations that go with the other
3 hospitals. This is a very important piece of
4 information for the community. Because they see
that
5 already there is in place some kind of
geographically
6 specific resource for the communities around those
7 hospitals. Whether they are in Eastern Jackson
8 County or Johnson County. It may not be enough.
9 But we believe that's not really the
place
10 where allocation decisions ought to arise from.
11 Allocation decisions ought to arise from need, and
12 not from artificial geographic boundaries. Not
from
13 the oddities of asset placement.
14 Dick Brown made a very important point
that
15 deserves emphasis. And that is that Health Midwest
16 operates a metro area-wide health facility. He
made
17 the point that Health Midwest serves people from
all
18 over the metropolitan area.
19 He made the further point, not any the
less
20 important, that many of the assets now being sold
21 represent health facilities removed from the urban
22 core and moved to more rewarding neighborhoods.

back. 23 You've got to find a way to get those resources

24 And this foundation can do that on a metropolitan

25 area basis.

1 And so we come to the conclusion, for you
2 to consider, for Health Midwest to consider,
3 consistent with Health Midwest's own method of
4 operating today. We need one Kansas City
5 metropolitan area health foundation. It can be
6 governed by people appointed from Kansas and from
7 Missouri. That's not a challenge to people to
8 proceed in good faith, to address a shared
community 9 issue.

10 This state line means nothing to many
11 people. They work on both sides of the state line.
12 They live. They take their recreation. And they
13 look for affordable housing. They look for low
cost 14 health care. They look for free health care. They
15 look for health, if you're indigent, wherever you
can 16 find it. And the state line is invisible.

17 Only to people in Jefferson City and
Topeka 18 does the state line actually mean anything to
people 19 in the actual practice of their lives and in the
20 practice of the business that Health Midwest has.

21 The need is metropolitan area wide. It
is 22 not located in one zip code. We all know, for
23 example, however this is perhaps a small model for

to

24 you, that the MC Plus program, which is a program

25 vaccinate children against a wide variety of

money 1 diseases. This is largely supported by public
primarily 2 from the feds of the states, this was done
3 based on looking at children in free and reduced
4 lunches, children in Medicaid. That data is
5 available today. We can identify those children
6 today. We can identify them throughout the entire
7 Kansas City metropolitan area.

8 And LINK submits to you that it is the
9 needs of those children and their families that
10 deserve priority here. It so happens that most of
11 those children suffer from this racial disparity
that 12 we talked about in the very first hearing. That
they 13 are underserved in the black and Hispanic
14 communities.

15 So as far as LINK is concerned, we find
the 16 idea of separate foundations really unfair. Unfair
17 to those really in need. It will consume a
18 tremendous amount of time in separate investment
and 19 administration policies, separate governance
20 policies. While those truly in need are left
behind.

21 I think we have said before that we
believe 22 that we must find a way to regain community trust.

23 We think there are many ways to do this. But
24 openness in the process is the first step.
25 Insisting that Health Midwest address these

1 questions. Insisting that you address these
2 questions, in a thoughtful way, is to us the bear
3 minimum.

and

4 I started out with some praise for you
5 for these hearings, because they have advanced the
6 community's understanding. And we believe it has
7 advanced to a constructive outcome. We also
8 that's true of Health Midwest. And we think it's
9 very important that you continue this process.

believe

10 Don't spend it in the courtroom. Don't
11 spend the money in the courtroom. But in these
12 hearings and in some kind of conciliation.

13 Thank you, very much.

14 MR. WILSON: Mr. Roland, before you go,
15 when you opened your remarks, talked about this
16 litigation as compared it as shameful, and with
17 characterization I would agree.

which

18 MR. ROLAND: That's an admission.

19 MR. WILSON: Excuse me?

20 MR. ROLAND: That's an admission.

21 MR. WILSON: And you closed your remarks
22 further suggesting that there's something that the
23 Attorney General of Missouri can do about that.

I'm

24 going to give you an opportunity to clarify what it

is you're talking about and if necessary, start a

1 discussion about that.

2 MR. ROLAND: Well, as somebody used to
say,

3 I'm just one voice in a sea of voices. LINK is
just

4 one organization. True, it has certain
5 responsibilities to this community, so it's ideas
on

6 this subject may be a little naive, as far as you,
7 the Attorneys General's offices, and certainly to
8 those who are serving Health Midwest.

9 But it seems to me and it seems to those
10 that have met at the local investment commission
11 since August and September on this question, that
12 there is a body that can be constituted. Once the
13 objective is clear, once it is clear that this body
14 that governs the resulting proceeds, which is where
15 we're focused. We think this is a good transaction
16 as we learn more about it for the city, for Kansas
17 City, Missouri, and Kansas City, Kansas, for the
18 Kansas City metropolitan area.

19 And I wanted to address on it. This is
not

20 a transaction for either state or city. This is a
21 transaction for the Kansas City metropolitan area.
22 And in so far as it's good, Health Midwest deserves
23 considerable credit in getting us there.

24 But let me go ahead and let me abandon
the

a 1 that we can address first and foremost the issue of
2 new board for Health Midwest, that does not hamper
3 the consideration of the public need of resource
4 allocation of the programs that should be supported
5 in our area. Because the board inherits baggage.
It 6 comes with baggage. It comes from its own deals
that 7 it made with constituent organizations that put
8 Health Midwest system together.
9 We need a new board. It's perfectly
qualified 10 appropriate that we have some carryover of
11 investment administrative financial expertise from
12 the old Health Midwest Board. But that can be a
13 minimum. Why can't we collaborate, you and Health
14 Midwest, to arrive at some recommendations, some
15 nominations that the community can consider.
16 And even then, if there are some in the
17 community that want to nominate somebody else,
18 including the governors of the states who want to
would 19 bring peace to this process, so be it. But it
part 20 seem to me that that could be done by the first
21 of February.
for 22 Why can't we have a proposed new board
23 a new health -- a Kansas City Metropolitan Health

Midwest, 24 Care Foundation, nominated perhaps by Health
25 with your collaboration, with the collaboration of

and
to
opportunity

1 Carla Stovall? So then the public can look at it
2 say, "Hey, we think this is a pretty good start."
3 Because we also know that going forth, we're going
4 have the opportunity to assess their confidence,
5 their effectiveness. And we'll have the
6 to nominate successors.

7 And maybe what you want to do is you only
8 want to make this transition board serve for a year
9 or two, and not with the kind of terms that Health
10 Midwest proposed. I feel like this is extremely
11 tentative what I'm saying to you. Because I feel
12 unqualified in light of the superior resources that
13 you folks have, and certain that Health Midwest has
14 to make those recommendations on the subject. Help
15 me.

16 MR. HATFIELD: Actually, I want to follow
17 up on what Paul is saying. You talked about the
18 litigation and I'm not going to leave the point
19 laying out there without addressing it.

litigation.
to

20 My boss is the defendant in the
21 He was sued without prior notice. He did not ask
22 be involved in a lawsuit. I don't think you're
23 suggesting that he should confess judgment in the
24 lawsuit.

MR. ROLAND: No, I'm not saying that.

1 MR. HATFIELD: Okay.

2 MR. ROLAND: In fact, what I think you
3 fellows ought to do, you're talented. And
certainly,
4 Health Midwest people have got extremely talented
5 lawyers and may hire more.

6 There ought to be a stay of all the
7 litigation. Stop the meter turning or running,
8 whatever the term is used today. And let you
fellows
9 go to work. Maybe we ought to get a mediator here.
10 If George Bunch were alive, he'd be the perfect
11 mediator. Find somebody that has recognized
regional
12 or national acceptance, that could sort of reside
13 over bringing the parties together.

14 This is not rocket science, as somebody
15 told me once. So I don't -- I'm not suggesting
that
16 anybody should confess judgment. I'm just
suggesting
17 this is a bad way to use scarce resoucses. And
since
18 it's my job to make sure that doesn't happen, I'm
19 asking you to help me.

20 MR. HATFIELD: Let me ask you: Who do
you
21 choose? Who appoints the LINK Board?

22 MR. ROLAND: It was appointed initially
by

it's 23 the state. And then it's been self -- you know,
since 24 been nominated and elected by it's own members
25 1992.

the 1 MR. HATFIELD: By the "state," you mean
2 governor?
of 3 MR. ROLAND: The governor and Department
4 Social Services arranged for LINK's constitution.
5 Got a lot of local input.
6 MR. HATFIELD: Then how do you --
this 7 MR. ROLAND: And most of the people in
8 room know LINK is. They know who's on this board.
9 MR. HATFIELD: How do you get
nominations?
10 MR. ROLAND: We get them from constituent
11 organizations. We get them from other LINK members
12 who are concerned about racial, ethnic,
13 socio-economic, gender diversity.
14 MR. HATFIELD: Is there a formalized
15 process?
16 MR. ROLAND: There's a committee that
17 functions as a nominating committee. It's in a
18 public company. They consider nominees. We
consider
19 anybody that comes in the door as a nominee. And
20 then the committee evaluates them in terms of these
21 criteria I've reviewed for you.
22 We're not perfect in this respect.
You've
23 paid a lot of dues with LINK, gentlemen, in the
State

is

24 of Missouri. You started us down this path. There

25 ought to be some lessons learned from this. This

1 a job where a new governing board of a new Kansas
2 City metropolitan area health care foundation. And
3 there ought to be new people with a wide variety of
4 personnel.

5 Frankly, one of the things I don't like
6 about the Community Advisory Board nominees is,
there
7 is nothing to ensure diversity. And that's
something
8 what Fuzzy was getting to.

9 MR. HATFIELD: How do you do it?

10 MR. ROLAND: How do we do it?

11 MR. HATFIELD: Yeah. How do you ensure
--

12 MR. ROLAND: We ensure by having
everybody

13 talk about it. We ensure that because people at
LINK

14 are terribly concerned about it. We don't have
15 credibility if we don't have diversity.

16 Now it may be that I'm at a substantial
17 disability, in being principal talk for LINK. But
I

18 could have asked any one of a number of people to
19 come up here and say these same things. Rosemary
20 Smith-Lowe, Erma Johnson, Gene Sandiford, Randall
21 Ferguson. I mean, we've got wonderful people who
can

22 say very much the kinds of things -- if you want
23 testimony on diversity, we'll get somebody up here

to

24 talk to you about it.

25 MR. HATFIELD: Well, I guess what I'm

1 interested in is: What do you think should be in
2 this proposal to insure diversity, that isn't in
it?

3 MR. ROLAND: I think you have to have a
4 general commitment policy to the kind of diversity
5 that Health Midwest has mentioned, that we
subscribe

6 to. I don't think you can have quotas, because
need
7 changes. And I think you end up with lots of
8 argument about quotas of every sort. I think you
9 address need. It's very easy to address need.

10 This is why this is not a top down deal,
11 this is a kind of bottoms up thing once you get
12 started. You got to have the people who are the
13 users, the beneficiaries of any system, somehow
14 participate in nominating it's governance,
nominating
15 it's directors.

16 I don't think you have necessarily
17 perfected anything with what you have done with
LINK.

18 But at least you have learned some lessons from it.

19 If I had known I was going to be offered
20 this opportunity to talk about our experience, I
21 might not have been here today.

22 MR. WILSON: Well, I didn't mean -- I
just
23 didn't -- you held yourself as a model and I accept

24 that. I accept it being held out as a model. I'm
25 just trying -- I don't understand exactly how --

the

Dick

think,

1 MR. ROLAND: Well, you're the model.
2 You're the fellows that said, "Link up." You're
3 ones that really ought to be the model.

4 MR. HATFIELD: It's a little before my
5 time, I'm sorry to say.

6 MR. ROLAND: How can we proceed through
7 this in an amicable way? I'm sorry Dick had to go,
8 because I took a lot of nourishment from the way
9 approached his discussions here today. And I
10 in particular, his emphasis on the metropolitan
11 area-wide nature of his challenge.

12 And the fact that what has been sold in
13 this transaction came out of the urban core,
14 principally of Kansas City, Missouri. And some how
15 there's got to be a way to get that back. And you
16 can get it back in a new foundation with new
17 directors who understand their general obligations
18 for diversity.

19 And if they don't fulfill them, the
20 attorney generals of each state can say, "Hey, we
21 don't think you're fairly representative of the
22 people you're serving." Who are the people we are
23 serving? The zip codes with the highest number of
24 children in free and reduced lunch. The zip codes
25 with the highest number of elderly Kansas City

people

Welfare

of

very

serve

1 on Medicaid. The zip codes with highest number of
2 children on MC Plus.

3 I mean the whole linkage of this to
4 to work becomes essential. We're not able to help
5 you with that. But somebody needs to be in charge
6 this new foundation that understands this. Whether
7 it's in training health care workers, which is a
8 important concern for our community as a whole.

9 I'm satisfied, believe me. Let me make
10 another point about this anti-competitor stuff.
11 Certainly I understand the details of those
12 provisions. But it seems to me a good faith effort
13 was made not to hamstring the foundation in making
14 grants to serve legitimate health care needs of the
15 indigent, the vulnerable, and those people that
16 them. And we are proceeding on that basis.

17 If we did not have that confidence, then
18 the Health Midwest Board would be doubly flawed.

19 What else can I tell you today?

20 MR. WILSON: That's all. Thank you, sir.

21 MR. ROLAND: Thank you, very much for
22 letting us come and talk to you.

23 MR. HATFIELD: I need to tell you all, we
24 can't see. Unless you are standing right here, we

names

25

can't see. So I'm going to apologize if I call

your
is
1 of people who aren't here. And if I have called
2 name before or I miss you some how, Linda Manlove
3 down here helping us to coordinate.
4 Dr. Hoech, and then we're going to hear
5 from a representative of Bishop Tolbert. Reverend
6 Edwards for Hartfield. Then we'll hear from
7 Representative Curls, I think I saw Representative
8 Curls. Okay.
9 MR. ROLAND: Is Dick Brown still here?
10 There he is.
11 MR. BROWN: Yeah.
12 MR. ROLAND: Dick, you know what would
13 really help this whole community? If you would
14 announce today, 30 day stay of the litigation to
15 allow some mediation in the conciliation process to
your
16 go forward. And that's my sole contribution to
17 pieceof mind today.
18 MR. BROWN: Stay right here with me.
19 I believe that you'll be reassured to
know
20 that there are conversations planned for tomorrow
and
21 Tuesday between the principals involved in this
22 dispute, from the Health Midwest side, every
director
23 toward finding the answer that you have just asked
to

24 deliver to you.

25 MR. ROLAND: See this?

1 MR. HOECH: Counsel for the Attorney
2 General Hatfield, Deputy Chief of Staff Wilson,
3 public citizens. Thank you for the opportunity to
4 speak. My name is George P. Hoech. Hoech is
spelled
5 H-o-e-c-h.
6 I am a retired physician, having
practiced
7 32 years at Research Medical Center. Serving on
the
8 hospital foundation board has simply been a way to
9 listening to the still small voice within, and
trying
10 to serve the medical community with a common
11 dedication.
12 In concert with my fellow physicians,
13 listed publicly, I strongly support the sale of
14 Health Midwest to HCA in a timely fashion. My
public
15 statements have been focused and clear. I have
16 advocated the current hospital foundation should be
17 independent and their funds, free and clear of any
18 wholly or any other incumbent. I still believe
that
19 is essential to the viability of the hospital
20 foundation.
21 My wife and I are past and hopefully
future
22 donors of the Research Foundation. May I express
23 some concerns as a donor, not as a foundation board

24 member.

at 25 Over the years we gave money to be used

1 the Research Medical Center for patient care,
2 education and research. We assume the funds would
be
3 utilized for the patient care purposes for which
they
4 were solicited and donated. We do not approve of
our
5 donated funds to be utilized to cover quote, Retain
6 liability indemnification of HCA and otherwise, end
7 of quote.

8 As listed in the Health Midwest document
9 released on December 19, 2002, entitled Health
10 Midwest announces structure of ongoing foundation.
11 Research Medical Center, a great and good hospital
12 with dedicated nurses and doctors, deserves an
active

13 and dedicated foundation with its funds
unencumbered.

14 May with pass to the valley of shadows this
15 transition. So that we and others may again
16 participate as donors to the Research Foundation.

17 Thank you.

18 MR. HATFIELD: Thank you.

19 Reverend Edwards, Representative Curls

and
20 then Deanna Swenson. Is Deanna Swenson here? Then
21 next will be Jeanna Alexander. Is Jeanna Alexander
22 here?

23 MS. ALEXANDER: Joanna.

24 MR. HATFIELD: Joanna. I'm sorry.
25 Reverend Edwards.

1 REVEREND EDWARDS: I'm Reverend Jefferson
2 Edwards. I'm past First President for Concerned
3 Clergy Coalition, and the present chairman of the
4 Banking Economic Development Committee.
5 We've written comments that we've
6 in consultation with your attorneys. And there are
7 several points I'd like to highlight before I hand
8 these written comments to you. I just want to
9 some of the written comments and then hand them to
10 you.
11 First of all, these are initial comments
12 from Concerned Clergy Coalition on Health Midwest's
13 latest foundation proposal. And we reserve the
14 to supplement our remarks as further information
15 becomes available.
16 But in relation to general comments and
17 recommendations: Number one, in order to assure
18 appropriate public review of the governance and the
19 operation of the foundations, Open Meeting/Records
20 all chapter laws, we should apply your Missouri
21 I think it is, Revised State of Missouri laws
22 apply to all foundation activities. That's one of
23 our recommendations.

prepared
share
right
of
610,
should

24 Two, in order to further assure adequate
25 public oversight of the sale proceeds and the

1 foundation's activities. The foundation should be
2 required to submit to Missouri Attorney General,
3 Missouri State Auditor, the proposed Community
4 Advisory Board, and the public should all see
annual
5 financial audits and performance-operation reports.

6 Number three, the mission and purpose of
7 the foundation should not merely reference that of
8 Health Midwest, but also the mission and purposes
of
9 all the individual health care assets sold to HCA,
10 Incorporated, as they are stated each asset's
11 Articles of Incorporation.

12 In addition, Missouri Attorney General
must
13 assure that the foundation's mission, purpose,
goals,
14 and activities strike a proper balance between
15 serving the community's long-term and short-term
16 health care services needs.

17 Thus, the new trust must think and act in
18 terms of long-term strategic efforts to enhance
19 community development which improves public and
20 individual health, as well as helping to secure the
21 community's health care safety net, which already
has
22 been affected by severe economic stress, and, of
23 course, will be impacted further when the area's
24 largest health-care-services-delivery system

becomes

25

a for-profit entity, whose priority in activities

current 1 would inevitably cause further changes to the
2 public health-care-services-delivery system in the
3 Kansas City area.

4 For example, as was made clear by the
5 Kansas City Missouri Health Department presentation
6 November 26, 2002. Major socio-economic factors
7 undergird and influence public health and the
8 individual health of community's adults and
9 youngsters. Thus, such determinants of health, as
10 social, environmental, and behavioral influence
addressed 11 should be legitimate subjects for projects
12 by the new foundation if we want to reduce infant
13 mortality, the spread of HIV, tobacco-related
14 illnesses, and others.

15 Too, safety net providers which are most
16 effective at reaching medically underserved
17 populations, such as immigrants, homeless persons,
et 18 cetera, must be bolstered so that their outreach
and 19 primary care services can be expanded. We've gone
in 20 detail on that and suggested by some of the other
21 organizations in our presentations.

22 In essence, the Missouri Attorney General
23 must take the lead in shaping the foundation which
24 thinks globally and grows whole forests of

community

25

locally

and individual health care services, but acts

care 1 so that strategic innovations for public health
2 do occur while the individuals living in the forest
the 3 can access necessary health care services across
4 spectrum of health-care-services-delivery system.

Articles 5 Four, the initial and post-initial
6 of Incorporation and By-Laws for the Foundation
must 7 be subject to review and pre-approval by the
Missouri 8 Attorney General to assure compliance with the
9 promises made in Health Midwest's proposal and
10 transparency in the Foundation's structure,
11 governance and operation.

12 Now, in detail, I'll present to you some
13 comments on specific elements of the Health Midwest
14 proposal, building with the two separate
foundations

the 15 in Missouri and Kansas; the annual reports filed;
16 purposes of the Foundation; some of the community
17 needs assessment; and some of the health care
18 services prioritized by assessment. The Community
19 needs assessments completed in a safe time frame.
20 The diversity requirements to go in more detail
21 about, that we feel should mirror the like
22 percentages in the population. For instance Kansas
23 City as far as the African/American Black Community

24 is 27 to 30 percent in the city limits.

25 African/American about 13 percent in the
metropolitan

1 area. So the board should actually reflect that in
2 it's make up, with regard to the Community Advisory
3 Board and members have specific comments concerning
4 that. And also, we've shown actually some studies
5 that have been done that relates to community
makeup
6 and relates to the health assessment needs that we
7 want you to review and look at as far as some of
the
8 needs that related to health, especially in the
urban
9 core.

10 We continue, however, to be very
concerned
11 about the huge transaction and the efforts of
Health
12 Midwest to short-circuit the process by moving the
13 issue to Cole County and moving the key documents
14 about finances out of the public view, that
concerns
15 us.

16 And we very highly recommend, as our
17 brother from LINK just said, that needs to be
18 stopped, short-circuited, stalled. And just
further
19 brings stress to the whole process. I'm sure for
20 your all's sakes.

21 We will continue to study our legal and
22 advocacy options to keep this matter before the
23 public. In regard, we continue to applaud the

and 24 Attorney General's office in its efforts to fully
 25 publicly consider all the issues.

1 In regard to the Foundation, which
2 emphasized in number one, the Foundation's
operations 3 need to be totally open and totally accountable to
4 the public, totally.

5 Number two, the urban core and its anchor
6 institution, the Black church, should receive a
7 substantial role in the direction and input of
8 funding priorities of the Foundation. Most people
9 affected by these things are in our churches, the
know 10 leaders are in our churches. And of course, you
11 in the Black Community the church is very much a
12 voice concerning the heartbeat of the people.

13 Three, there should be a strong
14 community-oriented process towards both the
selection 15 of the board and the programs; innovation,
prevention 16 and education. Especially of At Risk populations
17 suffering major health disparity problems should be
a 18 very key focus of the funding priorities.

19 And lastly, for appropriate strategic
20 interventions can be made in the fields of
community 21 development, such as development of decent safe
22 housing or jobs, livable wages. The Foundation
23 should provide some funding for such efforts as the

24 impact of this community health. So the impact, as
25 stated over and over, is community health not only

health 1 involves just the physical health, surrounding
2 of environment of our constituents.
3 I'd like to submit these proposals to
you. 4 Make sure your office has them. This goes in
5 more so for time's sake we did not enumerate all
6 those things.
7 MR. HATFIELD: Thank you, Reverend
Edwards. 8 We'll take Representative Melba Curls, Joanna
9 Alexander and Mayor Pro Tem Don Reimal.
10 REPRESENTATIVE CURLS: Good afternoon.
As 11 you said I'm Representative Melba Curls from the
41st 12 District Missouri General Assembly.
13 I think a lot of people, when they heard
14 about the sale, were kind of in the dark and kind
of 15 felt, "Well, this is something that's happening. I
16 can do nothing about it. I'll just see what
happens 17 and read in the paper." It's like, once again, we
18 have a company that's going to be bought out, sold
19 out, taken over, whatever term you want to use, and
20 we didn't have anything to do about it.
21 But I think we startled the establishment
22 when the community people, such as the Concerned

the
of

23 Clergy and Black neighborhood leaders and elected
24 officials said "Wait a minute, shouldn't we be at
25 table, because this affects us?" The major number

not

24 affect anything. You know, one here, two there,

one

25 here. We won't be able to form a coalition to make

1 any involved decisions about the Foundation funding
2 and the money that's going to be distributed.

3 So we just wanted you to be aware that
4 we're still here. We're going to be watching.

We're
5 going to be having press conferences, like we did
6 last Friday. And we are the public. We're the
7 public. This sale involves us. And we want to
8 stay
9 on top of this. And we plan to stay on top of
10 this.

11 So I didn't want to say anything else
12 anyone else has said, but we wanted you to know
13 that
14 our work is not done yet. And we still are going
15 to
16 be involved. We want African/Americans, Hispanics
17 involved in the Foundation.

18 And with that that's the end of my
19 comments. Thank you.

20 MR. HATFIELD: Thank you.

21 Joanna Alexander, Don Reimal, Rhoda
22 Vandehaar.

23 MS. ALEXANDER: Thank you very much for
24 this opportunity to speak to you. And also thank
25 you
26 very much for keying in on Research Mental Health
27 Services. I am Joanna Alexander. I've been a
28 member
29 of the Research Mental Health Corporate Board since

for 24 1997. I am chairperson and have been chairperson
25 that board for the last year and a half.

1 I want to talk to you today about how
2 quality care for the indigent, and that's for
mental
3 health services and for addiction services.
Research
4 Mental Health has been a part of the Health Midwest
5 system for 19 years.
6 Mental Health and Addiction Services has
7 always been a sizable, but quiet part of Health
8 Midwest services. Research Mental Health is a
State
9 of Missouri Department of Mental Health designated
10 Community Health Center, serving Jackson County for
11 mental illness and addictions. Eighty-five percent
12 of Research Mental Health clients are below the
13 federal poverty level.
14 Research Mental Health Services sees 600
15 people on an average day. Also on an average day,
we
16 receive 200 calls that we cannot service, because
we
17 don't have the space and we don't have the
facilities
18 to service those people.
19 We provide treatment to crack addicted
20 mothers and their children. And one of those
systems
21 is North Star, which is located in Trinity
Hospital,
22 we currently lease space from them. There is a

23 waiting list. A continuous waiting list of people
24 needing our services.
25 We provide treatment to homeless mentally

1 ill. And we provide home-based and school-based
2 treatment to seriously emotionally disturbed
3 children. One of the programs that I like the best
4 is called What's the Secret. It's staffed by
5 volunteers. The volunteers go into the schools and
6 they educate children about empowering themselves
7 about their body and their own sexuality. It's a
8 valuable part of the program that we need to
9 continue.

10 We provide prevention services in
11 communities and over 60 schools in the area. We
12 receive funds from the State of Missouri, Jackson
13 county Mental Health Levy, Jackson County COMBAT,
14 Medicaid, and donations. The needs and the
15 of Research Mental Health have been growing. The
16 community needs us to educate and grow.

17 When we first were informed about the
18 we knew that we were in a precarious position.
19 Because HCA is for-profit, we're nonprofit. Those
20 funds are designated to be nonprofit. So that we
21 knew that our system may be in jeopardy.

22 If you take that Health Midwest Board
23 the way that you currently plan to do it, it would
24 take our volunteers and those services would go

services

sale,

away,

away.

is

you've

1 MR. WILSON: Let me ask you a question
2 there, then.
3 Why would that happen? If the Health
4 Midwest Board were replaced or if the corporation
5 dissolved, why would your corporation be dissolved?
6 MS. ALEXANDER: As I understand what
7 proposed, the transition would dissolve the Health
8 Midwest Corporation. They are our parent
9 corporation. If we don't have a parent, we don't
10 exist.
11 MR. WILSON: Do you have board of
12 directors?
13 MS. ALEXANDER: Yes, we do.
14 MR. WILSON: Do you have Articles of
15 Incorporation?
16 MS. ALEXANDER: I'm sorry?
17 MR. WILSON: Do you have Articles of
18 Incorporation?
19 MS. ALEXANDER: Yes, we do.
20 MR. WILSON: Are you a separate
21 corporation?
22 MS. ALEXANDER: Yes, we are. But as I
23 understand it, we don't exist. And that's the way
24 it's been explained to me by the contract, and the
25 work we've had in the past five years. We've

1 continued to raise flags about this, hoping to get
2 in, continuing to ask questions, to get answers.
We
3 do feel we won't exist.
4 MR. WILSON: So you've been told that if
5 Health Midwest dissolves, your corporation will
end?
6 MS. ALEXANDER: Right.
7 MR. WILSON: Who told you that?
8 MS. ALEXANDER: We don't have assets.
9 MR. WILSON: Who told you that?
10 MS. ALEXANDER: Who told me that?
11 MR. WILSON: Who told you that?
12 MS. ALEXANDER: We've gotten that
13 information from legal counsel. That's not true?
14 MR. WILSON: So you're not going to
answer
15 my question?
16 MS. ALEXANDER: I'm sorry.
17 MR. WILSON: I'm asking you: Who told
you?
18 MR. HATFIELD: Legal counsel.
19 MS. ALEXANDER: Legal counsel, yes.
20 MR. WILSON: And is he your lawyer?
21 MS. ALEXANDER: Yes. We've asked that
22 question, too. "Are you our lawyer?" And he says,
23 "Yes."
24 MR. WILSON: Okay. Go ahead.

who

25

MR. HATFIELD: Was that Joe Hiersteiner

1 told you that?

2 MS. ALEXANDER: Yes.

3 The instability will affect the community
4 and the sale itself. And donors and funders have
5 concerns about our future if our parent company is
6 disrupted.

7 We are working with Health Midwest Board
8 and management to transition the multiple
9 administrative and other functions that have been
10 tied to Health Midwest. We'll continue to need
11 capital funding, we need transition funds.

12 Dick Brown said it would take 18 months
13 before funds were dispersed out of that foundation.
14 My heart dropped to the floor, because we don't

have

15 18 months to continue. We've beds out right now.

We

16 have beds out on the street that we have to respond
17 to, so we do need to know where our funds is coming
18 from.

19 We currently lease space from Trinity
20 Hospital campus for addiction services. And we

need

21 to be provided adequate, maintained facilities to
22 serve our population. Because mental health

services

23 in hospitals and in other non-profits are

decreasing,

24 the need is increasing.

continue 1 financial system, an answer soon, so we can
2 to exist.
3 MR. WILSON: Anything else.
4 MS. ALEXANDER: No, that's its.
5 MR. HATFIELD: Joe Hiersteiner, can you
6 explain to us why this corporation would no longer
7 exist if Health Midwest was dissolved.
8 MR. HIERSTEINER: I think Ms. Alexander
is 9 not an attorney and might have been confused about
10 conversations that were held. Because I don't
recall 11 ever saying that the corporation would not exist.
12 There was a plan. And had Research Mental Health
13 Services not been a retained asset, but instead be
a 14 sole asset, there was a plan for merger presented
to 15 their board, which their board chose not to adopt
at 16 the time, preferring to wait and see whether it was
17 going to be a retained asset.
18 MR. WILSON: So if Health Midwest were to
19 dissolve for any reason, her corporation would
still 20 continue to exist?
21 MR. HIERSTEINER: Presumably, the Amended
22 Articles of Incorporation could become a
23 self-perpetuating board or they have a new parent.

glad 24 MR. HATFIELD: Okay. Thank you. I'm
25 we cleared that up.

1 We're going to hear from Mayor Pro Tem
2 Reimal, Rhoda Vandehaar, Senator Mary Bland.
3 MAYOR PRO TEM REIMAL: Good afternoon.
I'm
4 Don Reimal, mayor pro tem for the City of
5 Independence.
6 Assistant Attorney General, I want to
thank
7 you for this opportunity to speak regarding the
sale
8 of Health Midwest to HCA.
9 Today I would like to specifically
address
10 the issue of the distribution of funds of this
sale.
11 Historically, as an organization, Health Midwest
was
12 divided into three regions: Health Midwest Eastern
13 Region, including two hospitals in Independence and
14 one in Lee's Summit; Health Midwest Western Region,
15 which is the Kansas hospitals; Health Midwest
Central
16 Region, which is comprised of any other hospitals
in
17 the system.
18 Initially, Health Midwest proposed the
19 creation of a single giant foundation, which would
20 oversee the entire hospitals. On behalf of the
City
21 of Independence, the City Council, the Mayor, we
22 objected to this plan.

23 We pointed out that the charitable assets
24 were generated by the people of our community, and
25 they should stay in our community. Independence

we
Grain

1 passed a resolution to this affect. Subsequently,
2 were joined by the mayors and city councils of Blue
3 Springs, Sugar Creek, Raytown, Lee's Summit and
4 Valley. They also passed on a resolution of
5 advocating the retention of assets and the
6 establishment of a foundation in our area, possibly
7 through the Truman Heartland Community Foundation.

8 Now we get the impression from the Kansas
9 Attorney General and the municipalities affected by
10 the sale of Health Midwest, as opposed to two
11 foundations to receive the estimated 800 million
12 dollars in proceeds; one in Kansas, one in

Missouri.

13 That makes a question: What about the
14 Health Midwest Eastern Region? It would make sense
15 to establish the Foundation for assets for Health
16 Midwest Western Region, Kansas hospitals.
17 It would make sense to establish a foundation for
the
18 assets of Health Midwest Eastern Region.

19 The Kansas communities objected to the
20 original plan because they did not want to be
reduced
21 to an applicant for their own money. They thought
it
22 was critical to control their own assets in order
to
23 address the health needs of their communities.

More

24 than 300,000 residents of the Health Midwest
Eastern

25 Region understand how they feel.

a
we
the
structured.
met.
group
collecting
assets

1 Please help us to insist on the need for
2 third foundation. Representing the value of the
3 assets in the Health Midwest Eastern Region. What
4 are proposing is not a new concept. It reflects
5 way Health Midwest has traditionally been
6
7 If this is not done there is no guarantee
8 that the unmet health needs of our area will be
9
10 So the communities of the Health Midwest Eastern
11 Region have to fight tooth and claw for whatever
12 grant opportunities, if any, are created by the
13 of people who do not represent our area.
14
15 Ask the residents of the area cities if
16 they feel ownership of their hospital? And whether
17 they think that charitable assets belonging to the
18 community should stay there? The public will say
19 yes.
20
21 In fact, in Independence some of those
22 residents actually went out door-to-door,
23 funds to help expand what is now Independence
24 Regional Health Center.
25
26 Ask Health Midwest whether the assets
27 belong to the community and they will say the

of

23 are a product of the system, a complicated network
24 connections and resources which the Health Midwest
25 Board is uniquely qualified to oversee.

1 The voices of Health Midwest are the same
2 ones that think that it makes sense to provide
3 themselves with a golden parachute, instead of
4 furthering the original not-for-profit mission that
5 they started out with. To them it is not a lot
6 money. They earned it, they're entitled to the
7 money. Uh-huh.

8 What about the communities in the Health
9 Midwest Eastern Region, what are they entitled to?
10 Please do not accept this latest unclear, unfair
11 Health Midwest proposal. Please support suburban
12 Jackson County plan and the creation of a third
13 foundation.

14 We do support what Kansas is wanting to
do.

15 We think it is fit for those folks over there to be
16 able to control their own destiny. I would suggest
17 that we also support the creation of the central
part
18 of Kansas City to have their own board.

19 Everybody knows what their community
needs.

20 And everybody knows what they need to make good
21 health services for their people. Give us the
chance
22 and the opportunity to take care of our people in
23 Eastern Jackson County.

24 Thank you.

MR. WILSON: Let me ask a question, if I

1 may?

2 MAYOR PRO TEM REIMAL: Yes, sir.

3 MR. WILSON: Do you believe it is possible,

4 let's set aside how we would do it, if it were up to

5 you and I to do it?

6 MAYOR PRO TEM REIMAL: We would have it.

7 MR. WILSON: Do you believe it's possible
8 to have a single organization, governed by a single
9 board, fairly distribute resources among the entire
10 region that's now served by Health Midwest?

11 MAYOR PRO TEM REIMAL: No, sir, I don't.

12 MR. WILSON: So it's not a process question

13 in your mind. That horse died before the stretch
14 run?

15 MAYOR PRO TEM REIMAL: Yes. I think that
16 is asking a group to do something that is almost
17 impossible with the diverse communities that we are
18 trying to serve, to be able to have a concept of

what
19 these communities need. What each area that we're
20 talking about is so different and the needs are so
21 different, that I don't think you can have one

board
22 that can handle all of that responsibility and
23 diversity that is there and do a good job of it.

24 You need somebody or some group, excuse

me,

25

that are connected to that particular area. You

need

1 people, like father was saying, the grass roots.
2 They need to know where and to what amount that
money 3 needs to be spent.

4 MR. WILSON: There's been two arguments
5 made, very repeatedly and very strongly and by very
6 persuasive organizations and individuals against
the 7 conclusion you've reached. And that is that it's
8 wasteful to have overlapping organizations. All of
9 whom would need governance. All of whom would need
10 staff. All of who whom would incur the costs of
11 administering these assets and investing.

12 And the second argument that's been made
--
13 and there are others -- is that the need doesn't
14 break down as neatly along regional lines as some
15 allocation of resources suggests. And that many of
16 the proposals on which a foundation or multiple
17 foundations would be asked to invest -- in which

they 18 would be asked to invest, would serve across those
19 boundaries and would serve the region as a whole or
20 an indistinguishable portion of that region, so
that

21 it might not be possible to tell which of the
22 organizations you are suggesting would go to, if
you

23 had that sort of proposal you wanted to have
funded.

24 Do you have a response to one or both of
25 those arguments?

1 MAYOR PRO TEM REIMAL: Well, on the
2 administration end of it, I think once you set out
3 that it will be fairly uniform, meaning drawing
from
4 each other. And I think we ought to be able to
work
5 with each other on this, if we have three separate
6 areas, work together and be able to use each
other's
7 abilities. But still administer to the area that
is
8 designated for whatever region you're in, whether
9 it's Kansas, Central or Eastern Jackson.

10 If you're talking about investing the
funds
11 to perpetuate them, is that part of what you're
12 saying?

13 MR. WILSON: Yes.

14 MAYOR PRO TEM REIMAL: I, in my limited
15 knowledge, I think that we could use the same
16 investments. And just like a stockbroker keeps
track
17 of all of the stocks that are selling for different
18 people, he just keeps track of stocks that are
19 buying, being bought and sold, the ups and downs
and
20 all for the different organizations. And share on
21 the portion they put in to be invested.

22 I don't see that there's a major problem
in

doing	23	keeping the investment perpetuating itself and
	24	it. The more you invest, the higher numbers that
you	25	can invest, the higher dollars, the greater return.

unique 1 But your are still starting out with a portion
2 to each area.

3 MR. WILSON: What about the argument that
4 what sorts of programs that a foundation or three
5 foundations would be spending money on might
overlap 6 from boundary to boundary or it might not be clear
7 what the affect would be within the general Kansas
8 City metro area, whether it be a central region or
a 9 western region or even an eastern region program,
and 10 go to that foundation for your funding?

11 MAYOR PRO TEM REIMAL: Maybe they could
go 12 to -- and again, you're talking to somebody that's
13 just a layman. But if you have needs in Eastern
14 Jackson County and you were also servicing needs in
15 Kansas City, then you would, in my mind, go to both
16 of them and say we got "X" number of people that
17 we're serving here and "X" number of people that
18 we're serving over here. And we would like to have
19 you fund a portion for those people and Kansas City
20 fund a portion of these people and Kansas would
fund 21 a portion. Not getting any one group to do it all.

22 But again we're working together to see
23 that everybody's taken care of. But also working
to

24 service the people that you know best.

25 MR. WILSON: Thank you.

1 MAYOR PRO TEM REIMAL: You're welcome.

2 MR. HATFIELD: Rhoda Vandehaar, Senator

3 Mary Bland, Gary Mallory. Is Gary Mallory here?

No

4 Gary Mallory. How about Leslie Rogers? Don

5 Bassinger?

6 Well, Rhoda, go ahead.

7 MS. VANDEHAAR: My name is Rhoda

Vandehaar.

8 I'm a recovery room nurse at Menorah Medical

Center.

9 I've been a nurse for 18 years, and 11 of those

years

10 were with Health Midwest. I worked at Baptist

11 Medical Center in Kansas City, Missouri, for nine

12 years prior to going to Menorah. I started at

13 Baptist Medical Center prior to Health Midwest

taking

14 over.

15 I can tell you from the point of view of

16 the nurses who work in Health Midwest facilities

and

17 were in those facilities prior to Health Midwest

18 taking over, that the commitment to the quality of

19 patient care and the responsiveness to the

20 communities of both individual hospitals serve, was

21 much higher when the individual hospitals ran

22 themselves, than when they were ran by Health

Midwest

23 supposedly to save on overhead, make us efficient

and

24 so forth.

25 The proposed sale of Health Midwest is

700,000

1 expected to create a windfall in the from of

2 to 800,000 donation. The Foundation that is

3 established, we feel, should have as it's sole

4 purpose the provision of the directives of mental

5 health care for those individuals in the community

6 who are underinsured or uninsured.

7 Health Midwest has suggested in the past,

8 as far as this foundation, to a life science

research

9 facility. In accordance, they say that Health

10 Midwest general admission, that they will do

11 research. As an R.N. who's worked with Health

12 Midwest for many years, I have never known them to

be

13 involved in research of any kind.

14 The story that you have heard of an

15 awarding the institution a part-time research and

16 other funds available is done through public grants

17 and private donations.

18 The underinsured and uninsured poor of

19 Kansas City have no endowments of grants and we

need

20 to be concerned with taking care of people's

21 day-to-day basic health care needs.

22 We ask that the Attorney General take

note

23 please, of the fact that Dick Brown sits on the

board

of 24 of Health Midwest institutes and also on the board
25 the Alexander Company, American Century Corp.

1 Clearly, Richard Brown, and therefore the Health
2 Midwest Board and management have a direct conflict
3 of interest, by being involved in this governance
and
4 they should have no say in any moneys in the
5 Foundation.

6 Do we want the foundation money
manipulated
7 and controlled by someone working both sides of the
8 fence? Any present now on the Health Midwest Board
9 of Directors or Health Midwest executives should
not
10 be allowed to serve in any capacity on the
Foundation
11 board.

12 The community should be fully involved in
13 the determination on how the foundation money is
14 spent. And in addition, the Foundation Board
should
15 be under the direction of the community.

16 We have developed this issue and oppose
the
17 proposed purchase. And therefore, come to the
18 several conclusions: The Health Midwest Board of
19 Directors have globally mismanaged its 13
hospitals,
20 unfortunately, to the point where we are forced to
21 ask a for-profit company to invest millions of
22 dollars to bring them up to standard.

23 The employees of Health Midwest hospitals

work, 24 can tell you stories of patient beds that don't
25 telephones for patients held on with bandage tape,

1 blood pressure cuffs, thermometers, wheelchairs,
2 walkers and other basic equipment used in daily
3 patient care. Expensive diagnostic equipment is
not
4 maintained or updated. Woefully inadequate
5 (inaudible) are unable to do daily room cleaning,
let
6 alone the dustballs on the surgical service area
7 shelves. There is a revolving door for all
employees
8 with new hires, because they don't want to come in
to
9 these working conditions.

10 Bernard Erdman, the Health Midwest Board
11 Chairman, stated that quote, The expertise of the
12 board members makes them the best qualified to form
13 the board for the new foundation. And the same
kind
14 of expertise needed to run a hospital system can be
15 applied to the transition to the Foundation, quote.

16 Debra Colcohen (phonetic) at Community
17 Hospital, Boston's (inaudible) non-profit health
18 advocacy organization takes issue with this
concept.
19 She stated, "The expertise and the skills needed on
20 the hospital board are different from the general
21 community-run foundations."

22 We don't need a mismanaged foundation, in
23 addition to 13 mismanaged hospitals. This board
has

24 failed as a health care provider. In the last two
addressing 25 years, instead of working with nurses and

1 the staffing crisis, the Health Midwest Board chose
2 to spend an estimated 5 million dollars on a
3 nationally (inaudible) investment firm, Management
4 Science Associates, Incorporated.

5 When the nurses succeeded in organizing
the
6 Board of Community Strategies and hired (inaudible)
7 and Ben Young, one of the most extensive consulting
8 firms around, to advise them on cost saving
measures.

9 In actuality, this should be one of the
10 essential functions of management. In other words,
11 these board members and high-paying executives had
to
12 spend millions of dollar to have someone tell them
13 how to do their job. In the end they publicly
14 admitted that they had failed, even with all this
15 extended desires, and they are now selling Health
16 Midwest.

17 My experience as a nurse has shown me
that
18 Health Midwest's area physicians and other
employees
19 are a reliable source of information when it comes
to
20 saving money, containing costs, and at same
providing
21 quality care to patients.

22 I can assure you that the nurses would
not

23 have charged Health Midwest millions of health care
24 dollars for this information. However, as you may
25 have already guessed, the employees were never
asked

not

crises

St.

my

Midwest

of

1 or consulted. We can only hope that HCA does not
2 make the same mistakes as Health Midwest. Nurses
3 United For Patient Care asks the Attorney General
4 to be fooled by Health Midwest's claiming the
5 that forecasts levels are unavailable due to
6 decreased reimbursement and the nationwide nursing
7 shortage.

8 Other Kansas City area hospitals are
9 managing to staff appropriately and pay decent
10 salaries while remaining physically sound. Many of
11 our Health Midwest nurses are seeking extra shifts,
12 choose to work them at KU Med Center, Providence,

13 Luke's and North Kansas City Hospital, because they
14 know they'll only be assigned four to five patients
15 at a time. Why should I choose to come in here on

16 day off, they tell me, when I know I'm going to be
17 taking care of seven or eight patients.

18 Health Midwest woes are not due to uncontrollable
19 market factors, but to blatant mismanagement.

20 Please consider also why the Health

21 Board publicly discussed their intended oversight

22 the foundation money, prior to community input or
23 Attorney General approval. This blatant arrogance

24 and disregard for the community are part of the
25 reason why the Health Midwest venture has failed.

1 Their management style is not collaborative, but
2 tyrannical.

General

3 In conclusion, we urge the Attorney
4 to make sure that the Foundation is controlled by
5 community, and that no former Health Midwest
6 executive or management entity has any control in
7 it's operation. This foundation is not supposed to
8 serve the needs of Health Midwest or Richard Brown,
9 but the needs of the community.

health

10 We are here to take a stand for the
11 care consumers of Kansas City.

12 MR. WILSON: Thank you.

13 MR. HATFIELD: Thank you.

14 Senator Bland, I think, was next. Gary
15 Mallory, Leslie Rogers and Don Bassinger had all
16 signed up. So we'll skip all of them. Tom Flammer
17 and Dennis O'Neal.

18 Senator Bland.

19 SENATOR BLAND: Good afternoon.

20 MR. HATFIELD: Good afternoon.

21 SENATOR BLAND: I am Senator Mary Groves
22 Bland of the 9th Senatorial District. I have been

a

Research

23 an advocate for Health Midwest for 32 years,
24 Hospital of Health Midwest for approximately 25

25 years.

1 Though I do not approve of all the
things, 2 it has not made some of the progresses that I felt
it 3 should have. I believe that we have an opportunity
4 to move into another prospective and advisors. I
5 have been supportive of Health Midwest because I
want 6 to see the best for our community, our city and our
7 state. I must be honest and say that I've had good
8 cooperation from many of the people there are on
9 staff, such as Mary Stewart, who worked with the
10 community, and Bill McCarthy and other people that
we 11 had an opportunity to work with through the years.
12 I had an opportunity to visit Mr. Dennis
13 (inaudible) and I believe that in our conversation,
I 14 had conveyed to him the concerns of my community,
the 15 city and the state.
16 I sat on the health chair of the House of
17 Representatives for 14 years, as the chair. I sit
18 now on the Senate Health and Human Services. I
have 19 also sat on the Commission for CON, Certificate of
20 Needs, which this administration or this process
will 21 have to come to you as they expand.
22 My interest is the same as it was from
the

in

23 beginning. I hope to see a new organization come
24 with an open and honest mind. I hope to see the
25 people in our communities sit down at the table and

1 figure out what it is we want, what it is we need,
2 and work together with HCA to bring forth the best
3 quality health care we can for the people in this
4 city.

5 It is no question to me that the minority
6 community has been left out in many things in the
7 present system. And I don't plan to see that
8 repeated in the next system.

9 I had an opportunity to visit with the
10 President and Speaker Pro Tem of the House, from
11 Tennessee, who I've known for many years, and other
12 colleagues of mine. I sat on the National Safety
13 Board as vice president. And I had the opportunity
14 to visit with people from Tennessee, to get some
15 understanding if this continues. One of the things
16 that they touched on, recognizing the problems they
17 had five years ago and getting some explanation of
18 what happened.

19 So I have tried to read the law on this.
20 I've tried to understand what everybody's role is
in
21 this process. A.G.'s role is to protect the
22 community. And I will be there watching to make
sure
23 that that is carried through. But no one can make
it
24 as successful if no one takes a role in it and try
to

needed. 25

make sure we work together to provide what is

1 You will hear me say that, because I've reiterated
2 that we have raised my concern and my interest.

3 Over these years there have been many,
4 many, many things happen in Health Midwest systems,
5 especially as we talk about Black history and
6 research, they're both in my door. Visiting
7 constituents, families and many in the community.

8 I have taken notice that the nurses do
not
9 have the privileges, the respect or pay or anything
10 else that they deserve. And that is not exclusive
a
11 just to this system, it's all the systems. We have
12 nurse shortage, and that's real. But even the ones
13 who dares to still give themselves to the community
14 of nurse, are not given the respect that they are
vision
15 due. So I'm hoping that HCA will take a great
16 of how they are created and get the input and
17 involvement of the health care providers, with the
18 emphasis on nurses.

19 I've been in the hospital when my aunt
was
20 there for three weeks. In which a supervisor was
on
21 duty for three shifts. That is ridiculous. And
22 again, I will reiterate that's not the only
hospital
23 I've seen these kinds of things where they
shouldn't

give 24 be there. They may do three shifts, they cannot
25 quality health care in that kind of hours.

1 Employment security. I greatly
understand, 2 for the not -- I was told and I guess everybody has
3 been told that there will be great consideration of
4 keeping things as they are, to some degrees, for
5 three years or more. But I think it's important to
6 give employees that are present in the system a
sense 7 of security, a sense of their input is important.
8 Because after all, they serve the people, too.
9 So I'm hoping that the administration
will 10 speak with all to speak with all the people in the
11 system and find out how they feel. And more
12 importantly, what do they have to give? What is it
13 they feel they need best?
14 I believe that we need to make sure that
15 the community is addressed. You asked the question
16 earlier, gentlemen, "Do you think it's possible for
17 everyone to be addressed?" I believe all things
are 18 possible. I believe it's a matter of attitude. I
19 believe it's a matter of intent. I think it's a
20 matter of commitment.
21 And if people truly expect and believe
that 22 they want to work out the best service for the
23 people, then it can be accomplished. Surely there
24 will be people unhappy. A lot of people are not in

people

25

this run for the money, just because they have

1 in mind. Let's be clear.

2 But the most important thing is the
service to the people. And I hope that the new
administration will take that into consideration.

It was proposed, a proposal here, in which the mayor
is the one who selects the committee. I don't think
that's appropriate.

8 First of all, I'm a senator. Have served
9 the community intimately, for 25 years. I don't
10 think I have a little more experience. And I don't
11 imagine I would be the one to appoint them. I
12 certainly think the people in the geographical area
13 in which the hospitals sit ought to be the ones,
the leaders of the communities, the leaders of elected
14 officials.

16 But everything talked, it still has to
come from through the elected environment. We're the
ones that work with the people and the right to give
what they need.

20 So I don't believe that any one person,
and I can speak for our area. I can't speak for other
21 areas in Kansas and everything. Maybe they're
22

want

23 satisfied in what they're doing, I'm not. So I

24 that to be clear.

25 I'm also not satisfied with the Health

1 Midwest members held in such great numbers on that
2 board. I don't believe that's in the best interest
3 of the community. I think the people that live
4 there, they work there, they utilize the services
5 there, provide services there, ought to be the ones
6 who make the decisions about that community, not
7 somebody in Lee's Summit. Nor somebody in Kansas
8 City trying to make decisions in Lee's Summit. I
9 don't believe that's appropriate.

10 I believe that it is important to support
11 this project. I believe we have an opportunity.

And

12 you never know when you make a good decision or a
13 decision until you made it. And if you found that
14 you've made a bad decision, there's always another
15 way to address it.

bad

16 So I would hope that we would spend our
17 energy on trying to sit down and find out our

needs.

18 And sitting together and working out what those
19 are. And how we're going to approach those needs.
20 It must be a teamwork effort.

needs

21 And we know in the real world that's not
22 the way it goes. We know the real world. But we
23 change that if we want to.

can

24 I plan to be a major player, whether they

is

25

want me to be or not. This is my community. This

1 where I've lived for 45 years, almost the biggest
2 challenge. In fact, I've always, for the last 40
3 years, lived within ten blocks. I now live even
4 closer to 63rd Street. So I have a vested interest
5 in what happens there, vested interest.

6 I want to see the projects that helped
7 Health Midwest start. I want to see those projects
8 continue. I want to see the housing projects
9 continue. So that they all continue.

do 10 What all the people don't know is, if we
11 not proceed, we lose a lot. So I hope people read
what 12 the law. I hope people read and understand, not
that 13 the press says, but read and study the laws. So
14 we will know what is at risk for us.

15 I believe this is an opportunity. And if
find 16 we don't take it, this opportunity now, we might
17 ourselves in a very bad situation. So I would
18 encourage my community, I would take the
leadership, 19 have taken leadership in trying to explain to
people 20 what the law says. Explain to people what the
21 process is and how that operation proceeds. And
our 22 involvement and our input, our participation is
23 critically needed. So I would hope that we would

24 continue to work on that.

25 Again, I support the Nurses' Union. I

1 believe that it is on target. I've worked with
them
2 from day one and rallying with them, and all that.
3 Because I believe the nurses. I believe they bring
4 the hands-on care. I believe they are a major,
major
5 part of quality health care. And I believe our
6 teachers deserve the best, too. And they deserve
to
7 be heard.
8 So those are the things I have in mind.
I
9 stand willing to participate and give my expertise
10 and my knowledge of experience to the new
11 corporation. And to pledge to my community. And I
12 don't consider just African/American is my
community.
13 I serve the community.
14 I will, however, make it. And I don't
15 apologize. We will not be left out again. Because
16 we have been. Just (inaudible) that the
17 participation of our community is that we sent
those
18 African/American surgeons on the board. I would
hope
19 that that is still intact.
20 There are many things I could say, but I
21 don't think it would be appropriate at this time to
22 say. But I just merely close by saying, I expect
the

law, 23 law to protect the people. A.G.'s office is the
that 24 and so am I. And I will do my part to make sure
25 the people in this city and our community will be

in 1 taken care of, heard, and participate and involve
 2 the progress and the success of a new system in our
 3 community.

4 MR. HATFIELD: Thank you, Senator.

5 MR. WILSON: Thank you, Senator.

6 MR. HATFIELD: Tom Flammer, Dennis O'Neal
7 and Pastor Hill.

particular 8 MR. FLAMMER: Hello. I have no
 9 expert credentials of any kind, just a citizen and
 10 become kind of interested in this whole issue. I
 11 read in the paper yesterday that a bunch of doctors
 12 on staff are fully supporting this sale to HCA.

 13 And you know, I don't know, maybe in this
in 14 surreal world of for-profit health care that we're
 15 these days, this sale is the least worst thing to
do. 16 But I don't know. I think it's kind of

unfortunate. 17 What I know about health care, I came to when my
 18 father went into a nursing home in '98. And was
kind 19 of horrified in what I found in the nursing home.
I 20 think six different hospitals in the area, too.

 21 I was pretty blissfully ignorant of what
 22 health care in this country has become before that.
 23 But I also have read where World Health

Organization

24 ranks United States on a number of criterias for
25 overall health care quality is 37. But in terms of

1 spending, we are number one. Measured any way you
2 want to, by per capita or however you want to slice
3 it. And I think while there's many reasons for
that
4 and many places where the money goes, including
5 corporate bureaucrats that want to protect the
6 insurance industry from medical expenses, a lot of
it
7 is CEO pay. You know, I think that's pretty
8 outrageous and unfortunate.

9 And kind of along those lines is
supposedly
10 a not-for-profit Health Midwest board. I've also
11 read about the compensation of the board has
proposed
12 for itself, as it exits the disaster it created, as
I
13 see it. And I think if there's anything the
Attorney
14 General's office can do to limit that, I hope they
15 will do it.

16 They have defended that as being found
17 appropriate by some other consultants besides union
18 busters and whatever else there in compensation is
19 called to say its okay. So, you know, I don't
think
20 they should be rewarded for what I see as
21 mismanaging, as the nurses seem to say.

22 I think the nursing shortage that we keep
23 talking about is caused by these types of things.

I

24 don't think there was much of a nursing shortage
30,
25 40 years ago, before HMOs and before widespread

1 for-profit hospitals created one by slashing
2 (inaudible) and making working conditions
unpleasant 3 for those who might be in a position to leave, so
4 they left. And less attractive for ones that might
5 come in.
6 And, you know, I just think this is all
7 unfortunate. And apart from the people like me,
any 8 way, maybe not the whole picture, but millions of
9 dollars for the outgoing board. You know, maybe
10 that's not huge in the whole picture, as it's
11 percentages of the moneys, but I think it's
symbolic. 12 And people like me, it is a huge amount. I don't
13 think it would be money well spent.
14 I think that if there's a way to get the
15 current board completely out, I'm all for that.
You 16 know, I think whatever foundation or foundations
17 up, clearly the current board is not clearly
come 18 representative of things I've heard here today
19 representing African/Americans, Hispanics in the
about 20 city. I read in the Star that almost all of these
21 board members, I understand there's one Black out
of 22 30. And almost all of them live in Leawood or
23 Mission Hills. And I don't think that is -- you

24 know, those are nice areas and I like to drive
25 through them. It's pretty pleasant. But I don't

1 think those people are best qualified to meet the
2 needs that I hear these boards should try to meet.
3 So like I say, maybe the situation has
come
4 to where the sale to HCA is the least worst thing.
5 And you know, I'd rather see it remain a non-profit
6 like it was before. I also read just last week
where
7 HCA has agreed to pay some more moneys to the
8 government, to bring the total to 1.7 million
dollars
9 recovered for kickbacks to doctors to secure
patients
10 to their hospitals and for overbilling Medicare.
And
11 I wonder how much of that mentality still goes on
12 with HCA.
13 And with Bill Crist coming to the
14 Republican Senate leadership and his family having
15 founded the place and him still holding millions of
16 dollars of stock in HCA, you know, maybe one could
17 argue that he'll look out for his stock and that
will
18 be good for us if HCA buys it. I just think it's
19 very sad, the surreal environment of health care
that
20 our country has gotten into.
21 And some of what I would really like to
see
22 probably is not possible in that unfortunate
reality.

be

23 But I really hope compensation to the board could
24 limited, and there's a way to get some out and some
25 more people that really meet the standards for

1 directors that they had in the handout today in
2 competence and character or however they worded it.
3 I hope to see that. That's about all I have.

4 MR. WILSON: Thank you.

5 MR. HATFIELD: Thank you.

6 Dennis O'Neal and Pastor Hill. And
that's

7 all that I have signed up.

8 MR. O'NEAL: Gentlemen, I'm Dennis
O'Neal.

9 I'm here today representing Kansas City
Neighborhood

10 Action Committee.

11 We've been studying this issue since it
12 first went public. In fact, we've been involved
with

13 the formation in the Missouri/Kansas Health Watch
14 Coalition. We've been very active in that group.

15 Our remarks here perhaps don't reflect
16 fully the Missouri/Kansas Health Watch Coalition.
17 But I would bet they are very close to the
principles

18 they've already stated. I would expect that they
19 will be submitting a written statement in response
to

20 the proposed foundation that has come out in the
last

21 eight days.

22 Before I get into our testimony, if there
23 is merit in your countersuit, I believe the public

24 expects you to follow through with that suit. We
25 heard some testimony today that was a feel-good
type

1 testimony. I'm sorry, I think my group wouldn't
2 adhere to those comments.

3 If you have merit in your charges in that
4 countersuit, then we expect you to follow through
5 with that suit. I worry, as someone who has
watched
6 in corporate structures and in union negotiations,
7 tensions get created and somebody rushes forward
and
8 proposes a feel-good solution. And a lot of issues
9 get lost, and a lot of good concerns get lost in
the
10 rush to see it done.

11 I wouldn't worry about the money that
12 Health Midwest is going to have to pay on lawyers
and
13 the money the state's going to have to pay on legal
14 expenses, because the issues here are so great that
I
15 think they may need resolution in court.

16 So we encourage you to do what you think
is
17 best. If there's merit in your countersuit, by all
18 means pursue it.

19 I'd like to also note that we do stand in
20 support of the A.G. Obviously that type of remark
21 goes without saying. But we're very supportive of
22 your actions. And the Attorney General has
23 generally, in this state, has gotten a lot of
support

24 because he's handled this issues very well in the
25 past.

1 First off, our remarks are divided up
into 2 several components. The competency of the Health
3 Midwest Board of Directors and the management of
Midwest 4 Health Midwest: Clearly, the Board of Health
care 5 has failed to successfully run a regional health
6 system. The administration of Health Midwest has
7 failed to manage the hospitals largely given to
them 8 in trust. They agree that they have failed their
9 stewardship of contributing hospitals.

10 They want you to think that it's market
11 forces that killed it, but actually other regional
12 hospital systems have succeeded. They've failed.
13 And I think we have some testimony about the
14 management style that suggests reasons for their
15 failure. The Health Midwest Board and management
is 16 now waging a desperate effort to hold on to the
reins 17 of power. The current proposal, as outlined by
18 Health Midwest, with the foundation surely cannot
be 19 taken seriously by the Attorney General.

20 Given the faith, support and management
of 21 Health Midwest, the Attorney General must look with
22 considerable scepticism on any proposal that they

of

23 make, which leaves the board in management control
24 the assets that come from the sale of the hospital
25 system. Why would the Attorney General consider

shown 1 following the recommendations of those who have
2 the inability to successfully manage?
3 We have heard some detailed testimony in
4 previous hearings on the questionable management
5 style of Health Midwest. We have heard testimony
6 that leads us to conclude that there are serious
7 flaws in the quality and competence of the
8 administration and the board. We have heard
9 testimony that would indicate a mean-spirited
10 disposition on the part of top management. We have
11 heard testimony that clearly shows a disconnect
12 between the board and the communities served.
13 The very make up of the board of
directors,
14 now and in the past, has been anything but
15 representative of the communities served. This is
a
16 board now controlled by white wealthy men, most of
17 which live in Johnson County.
18 The problem is not just one of no real
19 ethical diversity. Heretofore, using nearly every
20 cent unrepresentative of the communities that are
21 served by the hospitals making up the system. This
22 is no accident. This is so complete a divorce from
23 the communities, that it has been a demonstration
of
24 arrogance of board management and board

the 25 decision-making. So convenient to isolation from

their
the
plan
will
formed
concrete
or
This
of
regularly

1 communities served, that they are shameless in
2 recommendations of appointing the future board of
3 foundation.
4 One only has to look at the Community
5 Advisory Board recommendations and the five-year
6 of the board of directors, to see that the current
7 board is advancing the mechanism of control that
8 allow the current board to dominate the newly
9 board.
10 Second issue, Community Advisory
11 recommendations: We will be submitting some
12 recommendations on the issue within the next week
13 so. But for the moment, let us go to the proposal
14 for forming an advisory committee, appointed by the
15 mayors of the community served is unacceptable.
16 recommendation politicizes the appoint process. We
17 have considerable experience with community forced
18 committees and commissions appointed by the mayor
19 Kansas City. The appoint process itself is
20 affected by the political in our community
21 considerations.

22 The hospitals that made up the Health
23 Midwest system are not for the most part formed by
24 governments. They were formed by community and
25 religious groups. Why should we turn over to local

The 1 politicians appoints to the Advisory Committee?

2 local mayors are more apt to be influenced by their

3 large corporate contributors than they are by

4 ordinary community or religious groups.

5 While we are not prepared today to spell

6 out specifics of the advisory group proposal, we

7 would suggest that the Advisory Committee be

8 appointed by such groups as council of churches,

9 non-profits, neighborhood associations, religious

10 affiliations or churches, nursing and medical

11 associations.

and 12 The Baptist, the Lutheran, the Jewish,

13 Catholic organizations and others have formed these

14 hospitals initially, ought to be able to appoint to

15 these this advisory board.

16 The Attorney General, who has the

also 17 obligation of overseeing this conversion, would

18 be a likely agent for designating Advisory

Committee 19 members or even assigning the process. Once again,

20 we were comfortable with how you handled the Blue

21 Cross conversion.

22 Leaving the appointment process in the

the 23 hands of local politicians will take it away from

24 communities served. We need to strengthen

community

25

involvement in health care, not decrease it.

will 1 The proposal for appoint to the board
a 2 allow the power to indirectly control the board and
of 3 commission. We remain convinced that there will be
4 efforts to convert the assets to a special agency
5 life science initiatives.

6 Local politicians have clearly made
of 7 statements quoted in the press, favoring this form
8 economic development. I don't think they did it.
9 And the contributors to their complaints know they
10 didn't.

11 Third, the five-year plan to establish
the 12 board of directors: We do not view the proposal
for 13 the establishment of the foundation board as a
14 serious proposal. Surely, the Attorney General
does 15 not either. The convoluted proposal is nothing
more 16 than an effort by the current failed board of
17 directors to remain in control over huge sums of
18 money resulting from the sale. This is not
19 acceptable.

20 First of all, the existing board's
21 appointments will remain the dominant force on the
22 board. This is not acceptable. The new board

if 23 members, especially if politically appointed by
24 mayors, will not reflect the community. And even
25 they did, they will not have formed working

1 relationships which will allow them to counter the
2 Health Midwest appointees.

3 Let's be honest. The executive committee
4 of such a board will likely call the shots. That
5 committee is likely to be controlled by the Health
6 Midwest appointees. The likelihood of this type of
7 board arrangement to select new management and be
8 responsive to local health issues, is virtually
9 nonexistent. We have their track record to
10 demonstrate this. This is a formula of continuing
11 the Health Midwest failure.

12 We pride ourselves in America and in the
13 American system of eliminating failure by marketing
14 forces. The market has spoken to us of the Health
15 Midwest board and Health Midwest management has
16 clearly failed.

17 Let us not perpetuate the failure into
the
18 new foundation. I think you have a very serious
19 obligation, just to make a parenthetical remark.
20 They failed. They may not like it, those in the
room
21 here. Their lawyers may not like hearing it. But
22 they failed. They promised the various hospitals
in
23 the communities, "Come with us, you'll enjoy the
24 efficiencies of our system and we'll continue
serving

your mission." They failed.

you 1 And I think if we think about that, do
2 want that board or the majority of that board
3 controlling the future of the proposed foundations?
Generals 4 I would hope not. I would hope the Attorney
5 of Kansas and Missouri will take this obligation
very 6 seriously and divorce as many of those board
members 7 from the new foundation as possible.
8 They failed. We all fail in life at some
9 point in life or other. They failed. They need to
be 10 move on and give the Foundations an opportunity to
11 successful.
12 We carried them into the future. And
this 13 is an unsuccessful foundation of foundations. The
14 Attorney General, I think, will regret not
15 intervening here.
be 16 Do we really want the proposed board to
17 doing the needs assessment of the new foundation?
18 They couldn't even do a business plan to keep their
19 own foundation alive. And in fact, they have not
yet 20 disclosed the Cap Gemini Study. They want to keep
it 21 secret. Will, they want to keep needs foundation
22 studies secret?

23 The proposal of a mirror board to cover
24 both Missouri and Kansas is just not acceptable.
25 This is once again a demonstration of how far
they're

1 willing to go to control the assets of the new
2 corporation.

3 Fourth, to kind of hit on some basic
4 recommendations in broad brushstrokes. We support
5 multiple foundations. I heard your question to the
6 gentleman regarding the efficiency issue. General
7 Motors is a very efficient corporation. So was
8 Chrysler and Ford back 25 years ago. They were so
9 efficient and so well managed, that for some reason
10 they lost touch with the consumers.

11 So I don't think size itself is a good
12 notion of how to manage. Yes, you can assume
certain
13 efficiencies under organizational theory. But in
14 reality, this is a democracy. And in reality,
15 democracies tend to be a little inefficient.

16 If we want foundations to stay
responsive,
17 I think we have to put them as close to the people,
18 as close to grass roots as possible. That's why my
19 group is recommending multiple foundations. Not
just
20 a Kansas foundation, not just a Missouri
foundation.
21 But multiple foundations.

22 You have a long history in this
23 metropolitan community of private groups, largely
24 religious, but also other community groups forming

that 1 And I think it's not unreasonable to go back to
2 type of model and distribute the proceeds from the
3 sale.
4 I think it will cause you more work and
5 will cause some of the foundations that would be
6 receiving the money more work, and there will be
some 7 inefficiencies. But all that over 20, 30, 40-year
8 period that we have more responsiveness out of that
9 arrangement than we will out of a huge organization
10 that ultimately would probably end up being
11 controlled by a few corporate leaders.
that 12 That's what I worry about. We've seen
13 before. And it will probably happen in the future
14 unless you can build some protection. One of the
15 protections is to spread these resources around.
16 I think Eastern Jackson County -- for the
for 17 record I'm not from Eastern Jackson County. But
18 the record, I think they deserve to have the money
19 flow into a board or foundation out in their
20 neighborhood. I think that will keep it
responsive.
21 That's a community growing. That's a community
22 experiencing new growth and development.
23 If it's tied to the center of Kansas City
24 and the political structures here, I don't see them

tem 1 MR. WILSON: Mr. O'Neal, the mayor pro
2 from Independence was suggesting three foundations;
3 one to each mayor of the three regions that Health
4 Midwest operates right now.

5 Are you suggesting that's an appropriate
6 number or would that appropriate number be larger?

7 MR. O'NEAL: Well, I suppose that I would
8 rather see more than three, but that would at least
9 protect a sizable part of the metropolitan area.

10 This way it would be divided up in Kansas. And
maybe

11 they'll choose to divide up more over there. I
doubt

12 it. We're a larger community, more diverse. But
at

13 least two on this side, gentlemen.

14 I think if you can select a board, kind
of

15 go through, so I don't go through all my remarks
16 here, because I think you've heard a lot of this
17 already. I think if you can select an Advisory
18 Committee formed from churches, welfare
associations,

19 professionals who are in the service, nursing,
20 medicine, those type of groups, that you will get
21 active, perpetuating, flexible, responsible
22 organizations over time.

23 I've heard Mr. Wilson speak about
concerns

24
perpetuating.

about boards become more and more self-

25
to

And this type of arrangement might go a long ways

1 prevent that sort of self-perpetuating mirror image
2 of the current board.

3 I think if you keep boards -- if you have
4 diverse foundations, you'll keep it responsive
5 throughout the metropolitan area.

a 6 I believe that I will draw my remarks to
be 7 close right here. If you have any questions I'll
8 glad to respond.

9 MR. WILSON: Thank you.

10 MR. HATFIELD: Thank you.

11 And Pastor Hill.

12 PASTOR HILL: Good afternoon. My name is
13 Bob Hill and I'm pastor of Community Christian
14 Church, that sits at the center of urban metropolis
15 Kansas City, 46th and Main Street.

go 16 We have members in our congregation that
region. 17 to all of the hospitals throughout all of the
18 Also employees of those hospitals, alike.

19 I'm also, I believe, if I check the
20 records, a dues-paid up member for the Concerned
Thompson 21 Clergy Association. I've worked with Fuzzy
22 on a number of enterprises and endeavors throughout
23 the years.

24 I just have two very quick, simple,

1 Number one, I believe in a unified and
2 inclusive and responsive foundation, not a number
of 3 splinters shattered in smaller foundations.
Because 4 of what has already been mentioned already, the
5 redundancy, the repetition and the cost.
6 I think that a board can be, if you will
7 listen to our elected officials, Curls, as well as
8 Ms. Bland, as well as Fuzzy Thompson and others,
even 9 including some of the suggestions made by Health
10 Midwest itself, that a broadly representative board
11 for that foundation can be accomplished.
12 But it will take your impetus and your
well 13 leadership, your office, that is your bosses, as
14 as on the Kansas side of the state line to make
this 15 happen.
16 The other thing that I just want to put
17 some numbers out for consideration and into the
18 public record, that no one is -- I don't know
whether 19 it's daring enough, audacious enough or honest
enough 20 to talk about it.
21 This opportunity that we have here for
this 22 foundation's creation is very real. If the sale is

March 23 not affected, there will be grave consequences
24 rendered. If this sale does not happen by that
25 31st date, it will go down in history that a

1 coagulation of concerns, if you will -- and it will
2 be pointed to the Attorney General's office, both
in 3 Kansas and in Missouri -- that an opportunity was
4 missed.

5 It is likely, if the sale does not happen
6 on March 31st, or by that date or well ahead of
that 7 date, and certainly by that date, that HCA will not
8 go away with its interest in this Health Midwest
9 gathering of hospitals and health care providers.
10 But will come back with a much smaller number than
11 the 1.2 plus billion that has been offered and on
the 12 table and in a contract awaiting approval.

13 The choice is very clear, I think. I'm a
14 preacher. I'm a person, though, who has done a
15 little math and put pencil to paper. We can have a
16 100-million-dollar foundation or we can have a
17 700-million-dollar foundation. We have been
talking 18 about 800 million, but with the 94 million that
needs 19 to be held in escrow, as it were, or put aside,
20 concerns that are obvious, as Dick Brown enumerated
21 them.

22 Let's talk about the differences between
23 100-million and a 700-million-dollar foundation.
24 Don't talk about just the holdings and who would

1 would happen over a generation of time? One
2 generation at 100 million would receive the benefit
3 of about 375 million dollars, according to some
4 conservative calculations.

5 On the other hand, if we have a
6 700-million-dollar foundation, over a generation of
7 time, we could be recipients of this Greater Kansas
8 City community of 2.6 billion dollars worth of
9 benevolence for this city, for this region and for
10 our future generations. For all of, as Reverend
11 Edwards talked about and Fuzzy Thompson talked,
12 recipients are the children, the elderly, the poor,
13 our general populations to come.

14 The choice is very clear. And I would
urge you to urge your boss, and for both Kansas and
15 Missouri to work together. To make this deal
happen. 16 The deal is real, so let's do the deal. And do all
17 within your power to see that it ends up being a
18 700-million-dollar foundation and not a
19 100-million-dollar foundation.
20 That's all I have to say.

21 MR. HATFIELD: Thank you.

22 Paul and I would like to talk a minute.
We 23 want to clarify a couple things, for those of you
are 24

I

have

The

cannot

that

would

experts

1 Four hours, I guess, or at least three hours now.
2 About the purposes of the litigation and where we
3 are. And some of the points that Pastor Hill made,
4 think are very important to where we are in the
5 litigation.

6 Let me start with this, and then Paul can
7 finish up on the details of the litigation.

8 But the Attorney General has not said in
9 his lawsuit that the sale should be stopped. We
10 not asked the court to stop the sale in any way.

11 suit that was filed against the Attorney General
12 after the court declared the Attorney General
13 stop this sale, that it should be approved by the
14 court and that it should go forward. And that the
15 court will allow it to go forward.

16 But the Attorney General has not said
17 he wants to stop the sale. He has said that he
18 review the process and he was trying to understand
19 the details of the sale. And hear more from
20 and concerns from you, the citizens about the sale.

21 So our lawsuit does not ask the court to
22 stop this sale.

23 Do you want to?

24 MR. WILSON: Well, yeah. Let me just for
25 that, the review process that the Attorney General

the

But

about

has

1 started long before the Asset Purchase Agreement in
2 this transaction was released or completed,
3 encompassed, as he said from the very beginning,
4 question of how the proceeds were to be used.
5 That that's an integral part of the proposal that
6 Health Midwest was making.

7 And that he was going to review how they
8 reached the decision, itself, in terms of the sale
9 and how the proceeds of the sale would be used.

10 those were three parts of one proposal.

11 And he said repeatedly and publicly, that
12 they had failed to make a sufficiently concrete
13 proposal with respect to that third part of the
14 inquiry, for him to even begin to analyze it.

15 On December 19th, they made a concrete
16 proposal. And we came together today to begin the
17 process of listening to what the community says

18 it. And to fold that into the review that the
19 Attorney General has already been engaged. That

20 nothing to do with the issues that are in the
21 litigation.

22 The issues in the litigation are not the
23 extent to which the Attorney General should be
24 involved in, the design of the foundation that will

or should result here. The issue, principally, in

1 the litigation is whether the Attorney General has
2 any role whatsoever in conducting oversight of the
3 sale.

4 The issues in the litigation is not what
5 the two foundations will or should result from this
6 sale look like. The issue is, in a very real
sense,
7 whether there will be a foundation at all. In a
8 sense that it's being discussed in this sort of
9 setting.

10 They've asked the court to declare,
11 and for all time, at least as far as this sale is
12 concerned: That they have the power to conduct the
13 sale; take the money that results from it; and do
14 with it as they want, without any change to the
15 purposes of the corporation, without any change to
16 the governance of the corporation, without any
change
17 to the makeup or the identity of the board members.
18 And that's the position that we resist.

19 So the issues in the litigation are not
20 frivolous. They are fundamentally important.
21 They're not about what color icing goes on this
cake,
22 but whether there's going to be a cake. And
whether
23 there's going to be any role for anybody, other
than

And

24 the current members of the Health Midwest Board.

25 what happens to the proceed of the sale.

1 So while I regret the fact that Health
2 Midwest sued the Attorney General, and I deeply
3 regret the fact that a lot of energy, time and
effort
4 is going into prosecuting and defending the claims
in
5 that litigation, they're not frivolous claims. And
6 they can't be set aside or compromised just to get
7 this deal done.

8 They've raised fundamental challenges to
9 the role of the Attorney General, and fundamental
10 challenges to the role of the public in this
process.

11 And it doesn't pay sufficient -- it doesn't
12 acknowledge the gravity of those claims to suggest
13 they should all be set aside, so that we can leap
to
14 the finish line, as Dennis O'Neal suggested,
because
15 it feels good to do so.

16 So we will defend the claims that have
been
17 mentioned. And we will prosecute the claims we've
18 raised. And we are committed to do that in the
time
19 frame that at least permits this sale to go
forward.
20 Whether the court or the Attorney General decides
it
21 will go.

22 But that's the process that we're in now.

this 23 And we'll engage in that process every day until
24 issue is resolved one way or the other.
to 25 MR. HATFIELD: So we just wanted you all

litigation

been

1 know that the claims we have raised in the
 2 does not ask the court to stop the sale at this
 3 point. And I think that's something that hasn't
 4 completely clear in the hearings.
 5 I thank you all for coming and wish the
 6 Chiefs good look this afternoon.

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I, TAMMY S. MENKE, Court Reporter, do
hereby certify that I appeared at the time and
place hereinbefore set forth; I took down in
shorthand the entire proceedings had at said
time and place, and the foregoing one-hundred-
fifty pages constitute a true, correct and
complete transcript of my said shorthand

Certified to this _____ day of
_____, 2002.

_____, C.C.R. No. 1013

Tammy S. Menke
Court Reporter